MASTER
NEGATIVE
NO. 94-82131-1

COPYRIGHT STATEMENT

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted materials including foreign works under certain conditions. In addition, the United States extends protection to foreign works by means of various international conventions, bilateral agreements, and proclamations.

Under certain conditions specified in the law, libraries and archives are authorized to furnish a photocopy or other reproduction. One of these specified conditions is that the photocopy or reproduction is not to be "used for any purpose other than private study, scholarship, or research." If a user makes a request for, or later uses, a photocopy or reproduction for purposes in excess of "fair use," that user may be liable for copyright infringement.

The Columbia University Libraries reserve the right to refuse to accept a copying order if, in its judgement, fulfillment of the order would involve violation of the copyright law.

Author:
U.S. Civil Aeronautics Board
Title:
Uniform system of accounts for...
Place:
[Washington, D.C.]
Date:
[1943]

94-82131-1
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

BUSINESS
430.595
Un3
U. S. *Civil aeronautics board.*
... Uniform system of accounts for international air carriers ... [Washington, U. S. Govt. print. off., 1943]
1 v. 23cm.
Cover-title.
Loose-leaf.
"CAB form 2380 Manual 1-1-43."
Kept up to date with amendments as issued.
1. Air lines—Accounting. I. Title.
44-40874
Library of Congress TL720.2.U6 1943
[4] 387.713

RESTRICTIONS ON USE:

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 12x IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 6/16/94 INITIALS: W.W

TRACKING # : MSH 01337

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

BIBLIOGRAPHIC IRREGULARITIES

MAIN ENTRY: U.S. Civil Aeronautics Board

Uniform system of accounts for international...

Bibliographic Irregularities in the Original Document:

List all volumes and pages affected; include name of institution if filming borrowed text.

_____Page(s) missing/not available:_____

_____Volume(s) missing/not available:_____

_____Illegible and/or damaged page(s):_____

_____Page(s) or volume(s) misnumbered:_____

_____Bound out of sequence:_____

_____Page(s) or volume(s) filmed from copy borrowed from:_____

_____

__X__Other:_Irregular pagination throughout_____

_____

TRACKING#: ___MSH01337_____

2.0 mm

ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz1234567890

1.5 mm

ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz1234567890

PM-MGP 13″x18″
METRIC GENERAL PURPOSE TARGET
PHOTOGRAPHIC

150 mm

100 mm

A4

A5

1.0 mm

1.5 mm

2.0 mm

2.5 mm

ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz
1234567890

PRECISION℠ RESOLUTION TARGETS

Century

A&P

1303 Geneva Avenue
St. Paul, MN 55119

ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz
1234567890

4.5 mm

ABCDEFGHIJKLMNOPQRSTUVWXYZ

U.S. CIVIL AERONAUTICS BOARD

UNIFORM SYSTEM OF ACCOUNTS FOR INTERNATIONAL AIR SERVICE

Columbia University
in the City of New York

THE LIBRARIES

SCHOOL OF BUSINESS

CIVIL AERONAUTICS BOARD

WASHINGTON, D. C.

COLUMBIA UNIVERSITY LIBRARIES
MAR 31 1944
RECEIVED

Uniform System of Accounts for International Air Carriers

COLUMBIA

D430.595
Un3

IMPORTANT: **HOLDERS OF UNIFORM SYSTEM OF ACCOUNTS FOR INTERNATIONAL AIR CARRIERS**

If you have purchased a copy of the Uniform System of Accounts for International Air Carriers notify the Civil Aeronautics Board, Washington, D. C., of the fact that you have thus acquired the volume. Carriers and their agents, who are issued copies through official channels, will automatically be placed on a mailing list to receive amendment sheets. ***Purchasers who desire this service must request it from the Board.***

As this manual is amended by issuance of revised and additional pages, such pages should be inserted in their proper places. Any pages thus superseded may be discarded or filed for your records. When only one side of a sheet is changed, the opposite unchanged side of the sheet will be reprinted to permit substitution of the entire sheet. Each page containing revised or additional matter will show an "amendment number" on the upper margin. Amendment numbers will be assigned in consecutive order and should be checked off on the list below when pages are received. If this check indicates that amendments have not been received in consecutive order, request should be made to the Board to furnish the page(s) bearing the missing amendment number(s).

AMENDMENT NUMBERS

1	21	41	61	81
2	22	42	62	82
3	23	43	63	83
4	24	44	64	84
5	25	45	65	85
6	26	46	66	86
7	27	47	67	87
8	28	48	68	88
9	29	49	69	89
10	30	50	70	90
11	31	51	71	91
12	32	52	72	92
13	33	53	73	93
14	34	54	74	94
15	35	55	75	95
16	36	56	76	96
17	37	57	77	97
18	38	58	78	98
19	39	59	79	99
20	40	60	80	100

AIMU10

SEP 1 1944 PCR

CONTENTS

		Section	Page
General Instructions		1	1–4
	BALANCE SHEET ACCOUNTS		
100	Current Assets	2	1–14
101	Cash	2	3
102	Working funds and special deposits	2	4
103	Securities	2	5
104	Accounts receivable	2	6
105	Airline traffic accounts receivable	2	7
106	Net balances receivable from agents	2	8
107	Interest and dividends receivable	2	9
108	Notes receivable	2	10
109	Materials and supplies	2	11
110	Motor fuels	2	12
111	Lubricating oils	2	13
112	Other current and accrued assets	2	14
120	Non-Current Inventories	3	1
125	Advances	4	1
130	Investments and Special Funds	5	1–9
131	Investments	5	5
132	Investments in affiliated companies	5	6
133	Uninsured losses—Funds	5	7
134	Equipment purchases—Funds	5	8
135	Other special funds	5	9
150	Operating Property and Equipment	6	1–32
1501	Aircraft	6	7
1502	Aircraft engines	6	8
1503	Aircraft propellers	6	9
1504	Aircraft radio equipment	6	10
1505	Miscellaneous flight equipment	6	11
1506	Flight equipment spare parts and assemblies	6	12
1511	Passenger service equipment	6	13
1512	Hotel, restaurant, and food service equipment	6	14
1521	Station communication equipment	6	15
1522	Meteorological equipment	6	16
1523	Hangar, shop, and ramp equipment	6	17
1524	Floats, barges, and equipment	6	18
1525	Motorized vehicles and equipment	6	19
1526	Motorized marine equipment	6	20
1527	Furniture, fixtures, and office equipment	6	21
1528	Medical equipment	6	22
1529	Engineering equipment	6	23
1531	Airport and airway lighting equipment	6	24
1532	Storage and distribution equipment	6	25
1533	Miscellaneous ground equipment	6	26
1534	Buildings and improvements on land owned	6	27
1535	Buildings and improvements on land not owned	6	28
1536	Improvements to leased property	6	30
1551	Land	6	31
1561	Construction work in progress	6	32
160	Non-Operating Property and Equipment	7	1
170	Deferred Charges	8	1–9
171	Prepayments	8	5
172	Extension and development projects	8	6
173	Long-term operating property prepayments	8	7
174	Other deferred charges	8	8
180	Intangibles	9	1–4
181	Property acquisition adjustment	9	3
182	Other intangibles	9	4

INTENTIONAL SECOND EXPOSURE

D430.595
Un3

IMPORTANT: **HOLDERS OF UNIFORM SYSTEM OF ACCOUNTS FOR INTERNATIONAL AIR CARRIERS**

If you have purchased a copy of the Uniform System of Accounts for International Air Carriers notify the Civil Aeronautics Board, Washington, D. C., of the fact that you have thus acquired the volume. Carriers and their agents, who are issued copies through official channels, will automatically be placed on a mailing list to receive amendment sheets. *Purchasers who desire this service must request it from the Board.*

As this manual is amended by issuance of revised and additional pages, such pages should be inserted in their proper places. Any pages thus superseded may be discarded or filed for your records. When only one side of a sheet is changed, the opposite unchanged side of the sheet will be reprinted to permit substitution of the entire sheet. Each page containing revised or additional matter will show an "amendment number" on the upper margin. Amendment numbers will be assigned in consecutive order and should be checked off on the list below when pages are received. If this check indicates that amendments have not been received in consecutive order, request should be made to the Board to furnish the page(s) bearing the missing amendment number(s).

AMENDMENT NUMBERS

1	21	41	61	81
2	22	42	62	82
3	23	43	63	83
4	24	44	64	84
5	25	45	65	85
6	26	46	66	86
7	27	47	67	87
8	28	48	68	88
9	29	49	69	89
10	30	50	70	90
11	31	51	71	91
12	32	52	72	92
13	33	53	73	93
14	34	54	74	94
15	35	55	75	95
16	36	56	76	96
17	37	57	77	97
18	38	58	78	98
19	39	59	79	99
20	40	60	80	100

AIGMUJO

SEP 1 1944 PCR

CONTENTS

		Section	Page
	General Instructions	1	1–4
	BALANCE SHEET ACCOUNTS		
100	Current Assets	2	1–14
101	Cash	2	3
102	Working funds and special deposits	2	4
103	Securities	2	5
104	Accounts receivable	2	6
105	Airline traffic accounts receivable	2	7
106	Net balances receivable from agents	2	8
107	Interest and dividends receivable	2	9
108	Notes receivable	2	10
109	Materials and supplies	2	11
110	Motor fuels	2	12
111	Lubricating oils	2	13
112	Other current and accrued assets	2	14
120	Non-Current Inventories	3	1
125	Advances	4	1
130	Investments and Special Funds	5	1–9
131	Investments	5	5
132	Investments in affiliated companies	5	6
133	Uninsured losses—Funds	5	7
134	Equipment purchases—Funds	5	8
135	Other special funds	5	9
150	Operating Property and Equipment	6	1–32
1501	Aircraft	6	7
1502	Aircraft engines	6	8
1503	Aircraft propellers	6	9
1504	Aircraft radio equipment	6	10
1505	Miscellaneous flight equipment	6	11
1506	Flight equipment spare parts and assemblies	6	12
1511	Passenger service equipment	6	13
1512	Hotel, restaurant, and food service equipment	6	14
1521	Station communication equipment	6	15
1522	Meteorological equipment	6	16
1523	Hangar, shop, and ramp equipment	6	17
1524	Floats, barges, and equipment	6	18
1525	Motorized vehicles and equipment	6	19
1526	Motorized marine equipment	6	20
1527	Furniture, fixtures, and office equipment	6	21
1528	Medical equipment	6	22
1529	Engineering equipment	6	23
1531	Airport and airway lighting equipment	6	24
1532	Storage and distribution equipment	6	25
1533	Miscellaneous ground equipment	6	26
1534	Buildings and improvements on land owned	6	27
1535	Buildings and improvements on land not owned	6	28
1536	Improvements to leased property	6	30
1551	Land	6	31
1561	Construction work in progress	6	32
160	Non-Operating Property and Equipment	7	1
170	Deferred Charges	8	1–9
171	Prepayments	8	5
172	Extension and development projects	8	6
173	Long-term operating property prepayments	8	7
174	Other deferred charges	8	8
180	Intangibles	9	1–4
181	Property acquisition adjustment	9	3
182	Other intangibles	9	4

		Section	Page
200	Current Liabilities	10	1–12
201	Notes payable	10	3
202	Accounts payable	10	4
203	Airline traffic accounts payable	10	5
204	Air travel plan liability	10	6
205	Dividends declared	10	7
206	Salaries and wages accrued	10	8
207	Interest accrued	10	9
208	Taxes accrued	10	10
209	Ticket refund liability	10	11
210	Other current and accrued liabilities	10	12
220	Long-Term Debt	11	1
225	Advances	12	1
230	Deferred Credits	13	1–4
231	Unearned transportation revenue	13	3
232	Other deferred credits	13	4
240	Valuation Reserves	14	1–10
250	Accrued depreciation—Operating property and equipment	14	7
260	Accrued depreciation—Non-operating property and equipment	14	8
262	Accrued amortization—Extension and development projects	14	9
265	Other valuation reserves	14	10
270	Operating Reserves	15	1–7
271	Reserve for aircraft overhaul	15	3
272	Reserve for aircraft engine overhaul	15	4
273	Reserve for pensions	15	5
274	Reserve for compulsory compensation	15	6
275	Other operating reserves	15	7
280	Capital Stock	16	1–8
281	Preferred stock issued	16	5
282	Common stock issued	16	6
283	Treasury stock	16	7
284	Capital stock subscribed and unissued	16	8
290	Surplus	17	1–6
291	Capital surplus	17	3
292	Unappropriated earned surplus	17	4
293	Reserve for uninsured losses	17	5
294	Other surplus reserves	17	6

OPERATING REVENUE ACCOUNTS

		Section	Page
300	Transportation Revenue	18	1–8
301	Passenger	18	3
302	Mail	18	4
303	Express and freight	18	5
304	Excess baggage	18	6
305	Charter and special	18	7
306	Other transportation	18	8
320	Incidental Revenues	19	1–10
321	Hotel, restaurant, and food service—Net	19	3
322	Service sales—Net	19	4
323	Rental from operating property—Net	19	5
324	Limousine service—Net	19	6
325	Joint facilities rental—Credit	19	7
326	Affiliated companies and interdivisional revenues	19	8
327	Outside commissions	19	9
328	Other incidental revenues—Net	19	10

OPERATING EXPENSE ACCOUNTS

		Section	Page
350	Flying Operations	20	1–24
351	Captains and senior pilots	20	3
352	First officers and co-pilots	20	4
353	Engineering officers and flight mechanics	20	5
354	Navigation officers	20	6
355	Flight communication officers	20	7
356	Junior flight personnel	20	8
357	Flight crew supplies and expenses	20	9
358	Aircraft engine fuels	20	10
359	Aircraft engine fuel taxes	20	11
360	Aircraft engine oils	20	12
361	Aircraft engine oil taxes	20	13
362	Rents of flight equipment	20	14
363	Damage to flight equipment—Insurance	20	15
364	Damage to flight equipment—Reserve provision	20	16
365	Damage to flight equipment—Expenses	20	17
366	Other insurance—Flight equipment	20	18
367	Other injuries, loss, and damage	20	19
368	Employees' compensation and other insurance	20	20
369	Employees' compulsory compensation	20	21
370	Social Security taxes	20	22
371	Clearance of aircraft	20	23
372	Other flying operations expenses	20	24
400	Flight Equipment Maintenance—Direct	21	1–12
401	Aircraft repairs—Direct	21	5
402	Aircraft repairs—Reserve provision	21	6
403	Aircraft engine repairs—Direct	21	7
404	Aircraft engine repairs—Reserve provision	21	8
405	Aircraft propeller repairs—Direct	21	9
406	Aircraft instrument repairs—Direct	21	10
407	Aircraft radio equipment repairs—Direct	21	11
408	Miscellaneous flight equipment repairs—Direct	21	12
420	Flight Equipment Maintenance—Indirect	22	1–12
421	Aircraft repairs—Burden	22	5
422	Aircraft repairs—Reserve provision	22	6
423	Aircraft engine repairs—Burden	22	7
424	Aircraft engine repairs—Reserve provision	22	8
425	Aircraft propeller repairs—Burden	22	9
426	Aircraft instrument repairs—Burden	22	10
427	Aircraft radio equipment repairs—Burden	22	11
428	Miscellaneous flight equipment repairs—Burden	22	12
450	Depreciation—Flight Equipment	23	1
500	Operations	24	1–37
501	Superintendence—General	24	5
502	Superintendence—Assistants	24	6
503	Engineers and assistant engineers	24	7
504	Passenger and ticket agents	24	8
505	Station managers	24	9
508	Dispatchers	24	10
509	Service employees	24	11
511	Clerks and stenographers	24	12
513	Other operations employees	24	13
514	Travel and incidental expenses	24	14
515	Telephone and telegraph	24	15
516	Light, heat, power, and water	24	16
517	Rents of fields, buildings, and offices	24	17
518	Office supplies and expenses	24	18

	Operations—*Continued.*	Section	Page
519	Engineering supplies and expenses	24	19
520	Freight, express, and parcel post	24	20
521	Customs, duties, and brokerage	24	21
522	Buildings, contents, and liability insurance	24	22
523	Employees' compensation and other insurance	24	23
526	Uninsured losses—Reserve provision	24	24
527	Injuries, loss, and damage	24	25
528	Agency services, management, and supervision	24	26
529	Joint facilities shared	24	27
530	Joint facilities fees and charges	24	28
531	Joint facilities—Credit	24	29
532	Motorized vehicles expenses	24	30
533	Motorized marine equipment expenses	24	31
534	Consolidated airport ticket office expenses	24	32
535	Employees' compulsory compensation	24	33
536	Social security taxes	24	34
537	Servicing supplies and expenses	24	35
547	Personnel training expenses	24	36
549	Other operations expenses	24	37
550	Communications and Meteorology	25	1–30
551	Superintendence—General	25	3
552	Superintendence—Assistants	25	4
553	Engineers and assistant engineers	25	5
556	Communications operators	25	6
557	Meteorologists	25	7
561	Clerks and stenographers	25	8
563	Other communications and meteorology employees	25	9
564	Travel and incidental expenses	25	10
565	Telephone and telegraph	25	11
566	Light, heat, power, and water	25	12
567	Rents of fields, buildings, and offices	25	13
568	Office supplies and expenses	25	14
569	Engineering supplies and expenses	25	15
570	Freight, express, and parcel post	25	16
571	Customs, duties, and brokerage	25	17
572	Buildings, contents, and liability insurance	25	18
573	Employees' compensation and other insurance	25	19
576	Uninsured losses—Reserve provision	25	20
577	Injuries, loss, and damage	25	21
578	Agency services, management, and supervision	25	22
579	Joint facilities shared	25	23
580	Joint facilities fees and charges	25	24
581	Joint facilities—Credit	25	25
582	Motorized vehicles expenses	25	26
585	Employees' compulsory compensation	25	27
586	Social Security taxes	25	28
597	Personnel training expenses	25	29
599	Other communications and meteorology expenses	25	30
600	Equipment Maintenance—Indirect	26	1–38
601	Superintendence—General	26	5
602	Superintendence—Assistants	26	6
603	Engineers and assistant engineers	26	7
609	Purchasing and stores employees	26	8
610	Unallocated shop labor	26	9
611	Clerks and stenographers	26	10
613	Other equipment maintenance employees	26	11
614	Travel and incidental expenses	26	12
615	Telephone and telegraph	26	13
616	Light, heat, power, and water	26	14

	Equipment Maintenance—*Continued.*	Section	Page
617	Rents of buildings and offices	26	15
618	Office supplies and expenses	26	16
619	Engineering supplies and expenses	26	17
620	Freight, express, and parcel post	26	18
621	Customs, duties, and brokerage	26	19
622	Buildings, contents, and liability insurance	26	20
623	Employees' compensation and other insurance	26	21
626	Uninsured losses—Reserve provision	26	22
627	Injuries, loss, and damage	26	23
628	Agency services, management, and supervision	26	24
629	Joint facilities shared	26	25
630	Joint facilities fees and charges	26	26
631	Joint facilities—Credit	26	27
632	Motorized vehicles expenses	26	28
633	Motorized marine equipment expenses	26	29
635	Employees' compulsory compensation	26	30
636	Social Security taxes	26	31
637	Stores supplies and expenses	26	32
638	Shop supplies and expenses	26	33
639	Materials and supplies—Inventory adjustments	26	34
640	Shop buildings and equipment repairs	26	35
641	Shop buildings and equipment depreciation	26	36
647	Personnel training expenses	26	37
649	Other equipment maintenance expenses	26	38
650	Passenger Service	27	1–35
651	Superintendence	27	5
660	Pursers, stewards, and stewardesses	27	6
661	Clerks and stenographers	27	7
663	Other passenger service employees	27	8
664	Travel and incidental expenses	27	9
665	Telephone and telegraph	27	10
666	Light, heat, power, and water	27	11
667	Rents of buildings and offices	27	12
668	Office supplies and expenses	27	13
670	Freight, express, and parcel post	27	14
671	Customs, duties, and brokerage	27	15
672	Buildings, contents, and liability insurance	27	16
673	Employees' compensation and other insurance	27	17
674	Passenger liability insurance	27	18
676	Uninsured losses—Reserve provision	27	19
677	Injuries, loss, and damage	27	20
678	Agency services, management, and supervision	27	21
679	Joint facilities shared	27	22
680	Joint facilities fees and charges	27	23
681	Joint facilities—Credit	27	24
682	Motorized vehicles expenses	27	25
685	Employees' compulsory compensation	27	26
686	Social Security taxes	27	27
687	Passenger supplies and expenses	27	28
688	Food expense—Caterers	27	29
689	Food expense—Company restaurants	27	30
690	Company hotels expense	27	31
691	Clearance fees and expenses	27	32
692	Interrupted trips expenses	27	33
697	Personnel training expenses	27	34
699	Other passenger service expenses	27	35

		Section	Page
700	Traffic and Sales	28	1–31
701	Superintendence	28	3
702	Superintendence—Assistants	28	4
704	Passenger and ticket agents and reservations personnel	28	5
711	Clerks and stenographers	28	6
712	Sales managers, agents, and solicitors	28	7
713	Other traffic and sales employees	28	8
714	Travel and incidental expenses	28	9
715	Telephone and telegraph	28	10
716	Light, heat, power, and water	28	11
717	Rents of buildings and offices	28	12
718	Office supplies and expenses	28	13
720	Freight, express, and parcel post	28	14
721	Customs, duties, and brokerage	28	15
722	Buildings, contents, and liability insurance	28	16
723	Employees' compensation and other insurance	28	17
724	Express and freight liability insurance	28	18
728	Agency services, management, and supervision	28	19
729	Joint facilities shared	28	20
730	Joint facilities fees and charges	28	21
731	Joint facilities—Credit	28	22
732	Motorized vehicles expenses	28	23
734	Consolidated city ticket office expenses	28	24
735	Employees' compulsory compensation	28	25
736	Social Security taxes	28	26
737	Commissions—Outside agents	28	27
738	Commissions—Affiliated companies and divisions	28	28
739	Tariffs and schedules	28	29
747	Personnel training expenses	28	30
749	Other traffic and sales expenses	28	31
750	Advertising and Publicity	29	1–27
751	Superintendence	29	3
752	Superintendence—Assistants	29	4
761	Clerks and stenographers	29	5
763	Other advertising and publicity employees	29	6
764	Travel and incidental expenses	29	7
765	Telephone and telegraph	29	8
766	Light, heat, power, and water	29	9
767	Rents of buildings and offices	29	10
768	Office supplies and expenses	29	11
770	Freight, express, and parcel post	29	12
771	Customs, duties, and brokerage	29	13
772	Buildings, contents, and liability insurance	29	14
773	Employees' compensation and other insurance	29	15
778	Agency services, management, and supervision	29	16
782	Motorized vehicles expenses	29	17
785	Employees' compulsory compensation	29	18
786	Social Security taxes	29	19
787	Newspaper advertising	29	20
788	National magazine advertising	29	21
789	Other space advertising	29	22
790	Radio, motion picture, and photographic expenses	29	23
791	Display and exhibits expenses	29	24
792	Time tables and circulars	29	25
793	Miscellaneous promotional expenses	29	26
799	Other advertising and publicity expenses	29	27

		Section	Page
800	General and Administrative	30	1–34
801	General officers and executives	30	3
803	Engineers and assistant engineers—Salaries and fees	30	4
811	Clerks, stenographers, and general office employees	30	5
814	Travel and incidental expenses	30	6
815	Telephone and telegraph	30	7
816	Light, heat, power, and water	30	8
817	Rents of buildings and offices	30	9
818	Office supplies and expenses	30	10
819	Engineering supplies and expenses	30	11
820	Freight, express, and parcel post	30	12
821	Customs, duties, and brokerage	30	13
822	Buildings, contents, and liability insurance	30	14
823	Employees' compensation and other insurance	30	15
825	Other general insurance	30	16
826	Uninsured losses—Reserve provision	30	17
827	Injuries, loss, and damage	30	18
828	Agency services, management, and supervision	30	19
829	Joint facilities shared	30	20
830	Joint facilities fees and charges	30	21
831	Joint facilities—Credit	30	22
835	Employees' compulsory compensation	30	23
836	Social Security taxes	30	24
837	General taxes	30	25
838	Pensions and welfare	30	26
839	Legal salaries, fees, and expenses	30	27
840	Special, professional, and technical services	30	28
841	Regulatory proceedings expenses	30	29
842	Memberships and publications	30	30
843	Corporate and fiscal expenses	30	31
844	Bad debts	30	32
847	Personnel training expenses	30	33
849	Other general and administrative expenses	30	34
850	Depreciation—Ground Operating Property and Equipment	31	1
900	Ground Equipment Maintenance—Direct	32	1–15
901	Hangar and ramp equipment repairs—Direct	32	5
902	Motorized vehicles and equipment repairs—Direct	32	6
903	Motorized marine equipment repairs—Direct	32	7
904	Buildings and other improvements repairs—Direct	32	8
905	Station communication equipment repairs—Direct	32	9
906	Meteorological equipment repairs—Direct	32	10
907	Passenger service equipment repairs—Direct	32	11
908	Other ground equipment repairs—Direct	32	12
909	Joint facilities shared	32	13
910	Joint facilities fees and charges	32	14
911	Joint facilities—Credit	32	15
920	Ground Equipment Maintenance—Indirect	33	1–15
921	Hangar and ramp equipment repairs—Burden	33	5
922	Motorized vehicles and equipment repairs—Burden	33	6
923	Motorized marine equipment repairs—Burden	33	7
924	Buildings and other improvements repairs—Burden	33	8
925	Station communication equipment repairs—Burden	33	9
926	Meteorological equipment repairs—Burden	33	10
927	Passenger service equipment repairs—Burden	33	11
928	Other ground equipment repairs—Burden	33	12
929	Joint facilities shared	33	13
930	Joint facilities fees and charges	33	14
931	Joint facilities—Credit	33	15

INCOME ACCOUNTS

		Section	Page
950	Non-Operating Income	34	1–11
951	Cash discounts income	34	3
952	Interest income	34	4
953	Dividend income	34	5
954	Amortization of premium on debt	34	6
955	Non-operating property and equipment income	34	7
956	Non-transport divisions profits	34	8
957	Foreign exchange—Gain	34	9
958	Retirements of operating property and equipment—Gain	34	10
959	Other non-operating income	34	11
970	Deductions from Gross Income	35	1–11
971	Interest expense	35	3
972	Amortization of discount and expense on debt	35	4
973	Non-operating property and equipment expenses	35	5
974	Non-transport divisions losses	35	6
975	Extension and development	35	7
976	Foreign exchange—Loss	35	8
977	Uncollectible revenues—Reserve provision	35	9
978	Retirements of operating property and equipment—Loss	35	10
979	Other deductions from gross income	35	11
980	Income Taxes	36	1

REPORTING PROCEDURE

	Section	Page
General Instructions	37	1–15
Schedule 1—Balance sheet	37	3
Schedule 3—Statement of profit and loss	37	4
Schedule 4—Incidental revenues and other income accounts	37	4
Schedule 5—Aircraft operating expenses	37	4
Schedule 6—Ground and indirect expenses	37	5
Schedule 6 (a)—System expenses	37	5
Schedule 6 (b)—Distribution of system expenses	37	5
Schedule 7—Maintenance shop operating report	37	5
Schedule 8 (a)—Station expenses incurred by carrier	37	6
Schedule 8 (b)—Joint facilities expenses charged by others	37	6
Schedule 8 (c)—Joint facilities expenses charged to others	37	6
Schedule 9—Joint facilities and other special services	37	7
Schedule 11—Foreign mail accounts	37	7
Schedule 12—Extension and development	37	8
Schedule 13—Operating, valuation, and surplus reserves	37	9
Schedule 14—Inventory analysis	37	9
Schedule 16—Operating property and equipment acquired and retired	37	10
Schedule 17—Traffic report	37	11
Schedule 18—Flight statistics	37	12

ANNUAL REPORT SCHEDULES

Schedule A	37	14
Schedule C	37	14
Schedule D	37	15
Schedule F	37	15
Schedule H	37	15

GENERAL INSTRUCTIONS

1. RECORDS

The Civil Aeronautics Act of 1938, as amended, provides that it shall be unlawful for air carriers to keep any accounts, records, or memoranda other than those prescribed or approved by the Civil Aeronautics Board.

International air carriers subject to the Act shall keep their accounts in accordance with the system of accounts prescribed herein. Additional accounts, records, or memoranda, may be kept, or any account included in this system may be subdivided, if such additional accounts or subaccounts do not impair the integrity of the accounts, records, or memoranda prescribed herein and do not constitute an undue financial burden.

The title of all subdivisions or sub accounts shall refer by account number and title to the account prescribed herein of which it is a subdivision. The numbers prefixed to account titles shall be considered a part of the titles.

The general books of account, and all other books, records, and memoranda which support in any way the entries therein, shall be kept in such manner as to provide at any time full information relating to any account. The entries in each account shall be supported by such detailed information as will render certain the identification and verification of the recorded facts.

The books and records referred to herein include not only accounting records but all other records such as minute books, reports, cost distribution and other accounting work sheets, correspondence, memoranda, etc., which may be required in the analysis of any account or in developing the history of any accounting or financial transaction. All books and records shall be housed or stored in such manner as to afford protection from theft and damage by fire, flood, or otherwise. All books and records shall be preserved and filed in such manner as to readily permit the audit and examination thereof by representatives of the Civil Aeronautics Board and no such books and records shall be destroyed or otherwise disposed of *except* as provided by rules and regulations issued by the Civil Aeronautics Board.

Monthly reports shall be submitted to the Civil Aeronautics Board on the forms provided and within the prescribed time limits. When requested such other periodic and special information as may be required shall be submitted to the Civil Aeronautics Board or to its authorized representatives.

2. ACCOUNTING PERIOD

International air carriers shall keep their accounting books and records on a monthly basis and all transactions applicable to each month, as nearly as may be ascertained, shall be properly recorded. Unless otherwise authorized or ordered by the Civil Aeronautics Board, international air carriers shall close their books at the end of each calendar year (December 31).

3. ALLOCATION OF REVENUES AND EXPENSES

Distribution of salaries, wages, and expenses of employees engaged in activities chargeable to several accounts shall be based upon the actual time engaged on a particular job or class of work, *except* that the pay and expenses of employees performing the same types of work from day to day in various positions may be distributed on the basis of a time study over a representative period.

The propriety of any instruction issued by the air carrier, or any system used by the air carrier for distribution or allocation of revenues or expenses between accounts, departments, services, or routes, shall be subject to review by the Economic Bureau of the Civil Aeronautics Board and modification may be required when it is determined that such instructions or systems fail to properly reflect the true result of operations.

4. DELAYED ITEMS

The entries in the accounts for a particular month or year shall include, so far as practicable, all of the revenues, income, and expenses accrued during such month or year. In case, however, a revenue, income, or expense item is not included in the accounts for the period to which it applies it shall be included in the appropriate accounts in the same manner as similar current items unless the amount is relatively so large that inclusion would result in a seriously abnormal statement for the full fiscal year. In such instances the air carrier may charge or credit account 292, "Unappropriated Earned Surplus," subject to subsequent review by the Economic Bureau of the Civil Aeronautics Board of the propriety of the entry, *except* where specific instructions in an account prohibit such treatment.

5. FOREIGN EXCHANGE

All accounts provided herein shall be stated in terms of United States currency. A currently estimated rate of exchange may be used for conversion purposes and adjusted periodically as required. Profit on foreign exchange either on an actual or estimated basis shall be entered in account 957, "Foreign Exchange—Gain"; losses and service charges shall be entered in account 976, "Foreign Exchange—Loss."

6. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities shall not be included in the body of the balance sheet but shall be shown in detail in a supplementary statement. *Contingent assets* are defined as assets without value until the fulfillment of conditions regarded as uncertain. *Contingent liabilities* are defined as items which under certain conditions may become obligations but at the date of the balance sheet are neither direct nor assumed obligations.

7. AFFILIATED AND ASSOCIATED COMPANIES

Affiliated companies are defined as companies solely controlled by the air carrier, or by its parent company, and as companies solely controlling the air carrier or its parent company.

Associated companies are defined as companies not controlled by the air carrier, or its parent company, in which the air carrier, or its parent company, holds 10 per centum or more of the capital stock outstanding.

Parent company is defined as a company solely controlling the air carrier.

8. INTERPRETATION OF ITEM LISTS

Item lists have been included as a part of certain accounts within this uniform system of accounts for the purpose of more clearly indicating the application of accounting in specific cases. The item lists included in all accounts are representative and do not exclude from the accounts analogous items which are omitted from the lists. The inclusion of an item in a list justifies its inclusion in an account only when the context of the account indicates inclusion since similar items frequently appear in more than one list.

9. SUBMISSION OF QUESTIONS

To the end that uniform accounting may be maintained all questions of doubtful interpretation of the instructions contained herein shall be submitted to the Economic Bureau of the Civil Aeronautics Board for consideration and decision.

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

Account Number	*Account*
100	Current Assets
101	Cash
102	Working funds and special deposits
103	Securities
104	Accounts receivable
105	Airline traffic accounts receivable
106	Net balances receivable from agents
107	Interest and dividends receivable
108	Notes receivable
109	Materials and supplies
110	Motor fuels
111	Lubricating oils
112	Other current and accrued assets

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

101 CASH

This account shall include all funds in banks available for use on demand, deposits in transit, and all verified funds in the custody of officers and employees of the air carrier.

Checks in favor of payees shall be credited to this account when released for transmittal to payees and *not* when paid by the depositories.

This account shall not include funds provided for in account 102, "Working Funds and Special Deposits," and expense advances included in account 104, "Accounts Receivable."

102 WORKING FUNDS AND SPECIAL DEPOSITS

This account shall include all amounts held by employees as change funds, working funds, or expense advances in the nature of revolving funds, from which specific types of expenditures are authorized.

It shall also include special deposits for the payment of debts, dividends, and interest and other special deposits of a current nature.

Deposits not recoverable within 1 year of the date of the balance sheet shall not be included in this account but in appropriate accounts under account group 130, "Investments and Special Funds."

Subaccounts shall be established in order to state separately (*a*) working funds, and (*b*) special deposits.

103 SECURITIES

This account shall include the air carrier's investment in government securities and all other readily marketable securities. It shall also include good and collectible securities which mature in 1 year or less from the date of the balance sheet. When the maturity date of investments recorded in account 131, "Investments," is within 1 year from the date of the balance sheet such investments shall be transferred to this account.

Investments, *except* readily marketable securities, bearing maturity terms in excess of 1 year from the date of the balance sheet, shall be included in account 131, "Investments."

Securities issued or assumed by the air carrier shall not be included in this account.

When securities with a fixed maturity date are purchased at a discount or at a premium, such discount or premium may be amortized over the remaining life of the securities by periodic charges or credits to the account in which the securities are carried, coincident with entries recording interest accruals, and concurrent charges or credits to account 952, "Interest Income."

Subaccounts shall be established in order to state separately (*a*) U. S. Government, and (*b*) other.

104 ACCOUNTS RECEIVABLE

This account shall include amounts due on open accounts, transportation charged to subscribers to air travel plan contracts, and loans to officers and employees either on open accounts or notes.

This account shall include accrued interest and traffic accounts receivable from affiliated and other associated companies.

Airline traffic accounts receivable from other than affiliated and associated companies shall not be included in this account but in account 105, "Airline Traffic Accounts Receivable."

Advances to affiliated companies and separately operated divisions shall be included in account 125, "Advances."

The records supporting the entries in this account shall be kept in such manner that the air carrier can provide complete information concerning the amounts due from each affiliated and other associated company.

Item List

Air travel plan contract receivables
Balances due from Federal, State, local, and foreign governments for the transportation of mail and passengers; gasoline, oil, and other tax refunds; and miscellaneous services
Balances due from affiliated and associated companies on open accounts
Loans to officers and employees
Salary advances
Temporary expense advances
Trade balances receivable

105 AIRLINE TRAFFIC ACCOUNTS RECEIVABLE

This account shall include amounts due from other air carriers for the account of the air carrier for transportation services of all types over its lines.

Amounts due from affiliates for transportation services of all types over the carrier's lines shall not be charged to this account but to account 104, "Accounts Receivable."

Amounts payable included in account 203, "Airline Traffic Accounts Payable," shall not be credited to this account.

106 NET BALANCES RECEIVABLE FROM AGENTS

This account shall include net balances due from outside agents, railroads, steamship companies, and other representatives, *except* air carriers and affiliated and associated companies, charged with the collection or custody of current revenues. It shall also include adjustments arising from errors in agents' reports covering transportation revenue.

Verified cash in transit shall not be included in this account but in account 101, "Cash." Traffic accounts receivable from other air carriers shall be included in account 105, "Airline Traffic Accounts Receivable."

107 INTEREST AND DIVIDENDS RECEIVABLE

This account shall include interest accrued on bonds and on loans and notes receivable and dividends declared and unpaid on stocks owned.

When interest-bearing securities are purchased and the price paid includes accrued interest the proportion of the price representing accrued interest shall be charged to this account.

Interest and dividends receivable on securities issued by affiliated and associated companies and interest on loans and advances to affiliated and associated companies shall be included in account 104, "Accounts Receivable."

108 NOTES RECEIVABLE

This account shall include the book value of notes receivable due on demand or within 1 year of the date of the balance sheet.

Notes receivable maturing in more than 1 year from the date of the balance sheet shall not be included in this account but in account 131, "Investments"; loans to officers and employees either on open accounts or notes shall be included in account 104, "Accounts Receivable"; interest receivable shall be included in account 107, "Interest and Dividends Receivable."

Advances to affiliated companies shall be included in account 125, "Advances."

109 MATERIALS AND SUPPLIES

This account shall include the cost of unissued and unapplied materials and supplies held in stock for the current maintenance and repair of property and equipment; shop materials, expendable tools, stationery and office supplies, passenger service supplies, and restaurant and food service supplies. It shall not include such materials and supplies not used in the current maintenance and repair of property and equipment properly chargeable to account 120, "Non-Current Inventories," and it shall not include spare parts, instruments and accessories included in operating property account 1506, "Flight Equipment Spare Parts and Assemblies." Trade discounts shall be treated as reductions of prices of materials and supplies purchased.

Costs paid by the air carrier such as transportation charges and customs duties, excise, sales, use and other taxes, special insurance, and other charges applicable to the cost of materials and supplies, shall be charged to this account when such costs can be definitely allocated to specific items or units of property. If such costs cannot be so allocated or if considered of minor significance in relation to the cost of such property, the amounts thereof may be charged to account 174, "Other Deferred Charges," and cleared either by a suitable "loading charge" or by direct charges to appropriate expense accounts.

Reusable materials and supplies recovered in connection with the construction, maintenance, or retirement of property and equipment shall be included in this account at fair and reasonable values but in no case shall such values exceed original cost. Scrap and nonusable materials and supplies shall be included at estimated net amounts realizable therefrom.

A perpetual inventory of materials and supplies shall be maintained, showing the unit cost and quantity on hand, and verified by actual count at least annually. Shortages, overages, deterioration, etc., shall be adjusted through account 639, "Materials and Supplies—Inventory Adjustment."

Profit and loss on sale of inventory items in connection with repair and service sales shall be included in account 322, "Service Sales—Net."

Fuel for heating shall be charged to appropriate expense accounts at the time of purchase. Motor fuels and lubricating oils shall be included in accounts 110, "Motor Fuels," and 111, "Lubricating Oils."

Materials and supplies loaned, in the custody of, or consigned to, the air carrier without a purchase obligation shall not be included in this account. For the purpose of maintaining comprehensive records an appropriately classified memorandum account, clearly and distinctly earmarked as such, should be maintained.

110 MOTOR FUELS

This account shall include the cost of motor fuels held in stock. The cost of motor fuels shall include transportation charges, customs duties, demurrage and siding charges, lighterage, special insurance, inspection fees, non-refundable Federal, State, and foreign fuel taxes, city and State sales and use taxes, cost of return of empty drums, and other miscellaneous charges. Refunds and other adjustments of cost shall be entered in this account.

This account shall be credited with the cost of aircraft engine fuel issued for use in flying operations and the amounts thereof shall be charged to account 358, "Aircraft Engine Fuels," excluding non-refundable Federal and State fuel taxes which shall be charged to account 359, "Aircraft Engine Fuel Taxes," *except* that if the air carrier is unable to definitely segregate Federal and State engine fuel taxes from customs duties and delivery costs, such taxes may be charged to account 358, "Aircraft Engine Fuels." The cost of aircraft engine fuel used in connection with overhaul of aircraft engines shall be included as a part of the cost of such overhauls.

A perpetual inventory of motor fuels shall be maintained and verified by actual measure at least annually. Any shortages, overages, shrinkage, etc., disclosed by such verification shall be adjusted by charges or credits to account 358, "Aircraft Engine Fuels."

Refundable taxes on motor fuels shall be included in account 104, "Accounts Receivable."

At the air carrier's option, inventories of motor vehicle gasoline may be included in this account or charged to the appropriate expense account when purchased.

111 LUBRICATING OILS

This account shall include the cost of lubricating oils held in stock. The cost of lubricating oils shall include transportation charges, customs duties, lighterage, special insurance, non-refundable Federal, State, and foreign taxes, city and State sales and use taxes, cost of return of empty drums, and other miscellaneous charges. Refunds and other adjustments of cost shall be entered in this account.

This account shall be credited with the cost of aircraft lubricating oils issued for use in flying operations and the amounts thereof shall be charged to account 360, "Aircraft Engine Oils," excluding non-refundable Federal and State oil taxes which shall be charged to account 361, "Aircraft Engine Oil Taxes," *except* that if the air carrier is unable to definitely segregate Federal and State oil taxes from customs duties and delivery costs, such taxes may be included in account 360, "Aircraft Engine Oils." The cost of lubricating oils used in connection with overhaul of aircraft engines shall be included as a part of the cost of such overhauls.

The cost of reclaimed oil returned to stock shall be included in this account. This account shall be credited with all such lubricating oils used and the cost thereof charged to account 360, "Aircraft Engine Oils," or other appropriate expense accounts.

A perpetual inventory of lubricating oils shall be maintained and verified by actual measure at least annually. Any shortages, overages, shrinkage, etc., disclosed by such verification, shall be adjusted by charges or credits to account 360, "Aircraft Engine Oils."

Refundable taxes on lubricating oils shall be included in account 104, "Accounts Receivable."

At the air carrier's option, inventories of motor vehicle oil may be included in this account or charged to the appropriate expense account when purchased.

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

112 OTHER CURRENT AND ACCRUED ASSETS

This account shall include all current and accrued assets of the air carrier not provided for in accounts 101 to 111, inclusive.

This account shall also be used to record jobs in process for others. The accumulated charges shall be carried in this account until such jobs are completed, and upon completion the amount accumulated herein and the amount received or receivable for the job shall be transferred to account 322, "Service Sales—Net."

This account shall also include amounts due from subscribers on legally enforceable subscriptions to capital stock of the air carrier.

Reference is made to account 280, "Capital Stock," for instructions relating to treatment of capital stock discounts and premiums.

Jobs in process for affiliated and associated companies shall not be recorded in this account but in account 104, "Accounts Receivable."

Subaccounts shall be established in order to state separately (*a*) subscriptions to capital stock, and (*b*) other.

BALANCE SHEET ACCOUNTS

NON-CURRENT INVENTORIES

120 NON-CURRENT INVENTORIES

This account shall include materials and supplies in excess of current operating requirements which are held for future use of the air carrier. It shall include labor, materials, and outside services used in process for manufacturing materials and supplies for stock. It shall also include all spare parts, instruments, and accessories not properly included in account 1506, "Flight Equipment Spare Parts and Assemblies."

BALANCE SHEET ACCOUNTS

ADVANCES

125 ADVANCES

This account shall include notes receivable from and advances to affiliated companies and separately operated divisions of the air carrier such as other transportation divisions, schools of instruction, crop-dusting service, manufacturing divisions, purchasing or sales divisions, incidental operations divisions, etc., for which separate records and books of accounts shall be maintained.

Amounts due from affiliated companies on open accounts which are ordinarily settled by an exchange of funds, should not be charged to this account but to account 104, "Accounts Receivable"; however, in those instances where it is determined by the air carrier that it is impossible to definitely segregate current amounts receivable and advances to each affiliate, the aggregate of amounts receivable from each affiliate may be included in this account after notification in writing to the Economic Bureau of the Civil Aeronautics Board that such segregation is impossible.

This account shall include subaccounts for each affiliated company and each separately operated division.

BALANCE SHEET ACCOUNTS

INVESTMENTS AND SPECIAL FUNDS

Account Number	*Account*
130	Investments and Special Funds
131	Investments
132	Investments in affiliated companies
133	Uninsured losses—Funds
134	Equipment purchases—Funds
135	Other special funds

BALANCE SHEET ACCOUNTS

INVESTMENTS AND SPECIAL FUNDS

INSTRUCTIONS

1. The accounts in this group are designed to record investments of the air carrier and also funds of a special nature set aside for specific purposes such as cash and securities deposited to insure performance of contracts, bonds posted with courts of law, pension funds, and sinking funds.

2. Book Value of Securities Owned.—The air carrier shall record investments in securities of others at cost exclusive of any amount paid for accrued interest.

When securities of others owned by the air carrier suffer a permanent impairment in value the book value thereof may be written down but fluctuations in market values shall not be recorded. The decrease in value shall be recorded by a credit to the accounts in which such securities are carried and a charge to account 292, "Unappropriated Earned Surplus."

When securities with a fixed maturity date are purchased at a discount (that is, when the total cost, including brokerage fees, taxes, commissions, etc., is less than par), such discount may be amortized over the remaining life of the securities by periodic charges to the account in which the securities are carried, coincident with entries recording interest accruals, and credits to account 952, "Interest Income."

When securities with a fixed maturity date are purchased at a premium (that is, when the total cost, including brokerage fees, taxes, commissions, etc., is in excess of par), such premium may be amortized over the remaining life of the securities by periodic credits to the account in which the securities are carried, coincident with entries recording interest accruals, and charges to account 952, "Interest Income."

BALANCE SHEET ACCOUNTS

INVESTMENTS AND SPECIAL FUNDS

131 INVESTMENTS

This account shall include the air carrier's investment in associated companies. Advances and loans to associated companies shall not be included in this account but in account 104 (f), "Accounts Receivable—Associated Companies."

Associates are defined as companies not controlled by the air carrier in which the air carrier holds 10 per centum or more of the capital stock outstanding.

This account shall also include the book value of the air carrier's investment in securities, *except* readily marketable securities which shall be included in account 103, "Securities." It shall include notes receivable maturing more than one year from the date of the balance sheet.

Securities owned and pledged shall be included in this account but securities held in special funds shall be included in the appropriate fund account. The air carrier's records shall be kept in such manner as to distinguish clearly between securities pledged and unpledged.

Securities issued or assumed by the air carrier shall not be included in this account.

When the maturity date of investments included herein is within 1 year of the date of the balance sheet such investments shall be transferred to account 103, "Securities."

Subaccounts shall be established in order to state separately (*a*) Associates, and (*b*) Securities.

132 INVESTMENTS IN AFFILIATED COMPANIES

This account shall include the air carrier's investment in affiliated companies.

Amounts due from affiliated companies on current open accounts which are ordinarily settled by an exchange of funds shall not be included in this account but in account 104, "Accounts Receivable." Advances and loans to affiliates shall not be included in this account but in account 125, "Advances."

Affiliates are defined as companies solely controlling or controlled by the air carrier through stock ownership. Companies not controlled by the air carrier but in which the air carrier holds 10 per centum, or more, of the entire capital stock outstanding shall not be included in this account but in account 131, "Investments."

The records supporting the entries in this account shall be kept in such manner that the carrier can provide complete information concerning the investment in each affiliate.

133 UNINSURED LOSSES—FUNDS

When a special fund is required as a part of a plan covering the operation of a reserve for uninsured losses, this account shall include the assets segregated for that purpose.

See account 293, "Reserve for Uninsured Losses."

134 EQUIPMENT PURCHASES—FUNDS

This account shall include cash, securities, or other assets segregated from the carrier's regular corporate funds for the purpose of covering the purchase of property and equipment.

Deposits or advances on contracts covering the purchase of property or new equipment shall be charged to this account pending the application of such deposits to specific units of property or equipment at which time amounts so applied shall be transferred to account 1561, "Construction Work in Progress," or to other appropriate property accounts.

A separate subaccount, with appropriate title, shall be established for each fund included herein.

135 OTHER SPECIAL FUNDS

This account shall include special funds not of a current nature such as sinking funds, cash and securities posted with courts of law pending settlement of lawsuits, employees' funds for purchase of capital stock, pension funds under the control of the air carrier, and other special funds not included in accounts 133, "Uninsured Losses—Funds" and 134, "Equipment Purchases—Funds."

A separate subaccount, with appropriate title, shall be established for each fund included herein.

BALANCE SHEET ACCOUNTS

OPERATING PROPERTY AND EQUIPMENT

Account Number	*Account*
150	Operating Property and Equipment
1501	Aircraft
1502	Aircraft engines
1503	Aircraft propellers
1504	Aircraft radio equipment
1505	Miscellaneous flight equipment
1506	Flight equipment spare parts and assemblies
1511	Passenger service equipment
1512	Hotel, restaurant, and food service equipment
1521	Station communication equipment
1522	Meteorological equipment
1523	Hangar, shop, and ramp equipment
1524	Floats, barges, and equipment
1525	Motorized vehicles and equipment
1526	Motorized marine equipment
1527	Furniture, fixtures, and office equipment
1528	Medical equipment
1529	Engineering equipment
1531	Airport and airway lighting equipment
1532	Storage and distribution equipment
1533	Miscellaneous ground equipment
1534	Buildings and improvements on land owned
1535	Buildings and improvements on land not owned
1536	Improvements to leased property
1551	Land
1561	Construction work in progress

BALANCE SHEET ACCOUNTS

OPERATING PROPERTY AND EQUIPMENT

INSTRUCTIONS

1. The accounts in this group are designed to record the investment of the air carrier in property and equipment used in transportation and incidental services.

2. Operating Property And Equipment Defined.—*Book Value* of property is defined as the value (before deducting accrued depreciation) at which the building, structure, unit of equipment, item, or class of property, is carried in the property accounts at the date of the balance sheet.

Net Book Value of property is defined as the book value less the accrued depreciation as recorded on the books of the air carrier at the date of the balance sheet.

Construction is defined to include all processes connected with construction of original units of equipment, buildings, structures, item or class of property.

Buildings and Improvements are defined as buildings, structures and building improvements and fixtures and appurtenances when forming a part of the building or building improvements; walks, runways, driveways, sewer systems, retaining walls, grading and landscape gardening, aprons, and any other permanent improvement adjacent to buildings. Restoring structures and grounds to their former condition after additions and betterments shall be included as a part of the cost of such additions and betterments.

Equipment is defined as the property used or useful in carrying on air transportation operations, such as aircraft, engines, communication and meteorological equipment, motorized equipment, furniture, and office fixtures.

Additions are defined as additional equipment, land, structures, and other tangible property; extensions of fuel, water, and oil distribution equipment; additions to buildings and other structures; and additional safety devices applied to equipment not previously thus equipped.

Betterments are defined as improvements of property and equipment through the substitution of superior parts for inferior parts retired, the object of which is to make such property more useful or of greater capacity than at the time of installation or acquisition.

Costs are defined as the amount of money actually expended, the money value of the consideration other than money, or the liability incurred by the air carrier in the purchase, acquisition, and original installation of property, equipment, materials, and services, and in the construction of buildings, equipment, etc.

Retired property is defined as property permanently withdrawn from operations, sold, abandoned, demolished, or disposed of otherwise.

Transferred property is defined as property exchanged between affiliated companies and/or operating divisions.

Salvage is defined as the fair and reasonable value of materials and parts recovered from retired property.

Residual value is defined as the predetermined proportion of the book value of a unit of operating property or equipment excluded from depreciation.

Service value is defined as the difference between book value and residual value.

3. Basis of Charges for Property, Equipment, and Contract Rights Acquired.—The total cost of land, new equipment, buildings, structures, and improvements thereto, shall be recorded in the property and equipment accounts. The total cost of such property and equipment shall include, in addition to the cash purchase price, or the actual money value of the consideration, the cost of labor, materials, and overhead used in the construction or installation of the new property and equipment; transportation costs, taxes, legal fees, inspection and testing costs before use, and all other expenditures properly applicable to the cost of acquisition. The cost of equipment shall include all expenses of a preliminary nature and all expenses in connection with original installations of equipment, parts, and appliances prior to use in line operations, together with the cost of dismantling new equipment for shipment and assembly at destination.

The cost of betterments, including labor and all other installation costs, shall be charged to the property and equipment accounts; the book value of parts and appurtenances removed and the reserve for depreciation applicable thereto shall be treated as retired property and accounted for accordingly *except* that the cost of removal shall be classed as repairs and charged to appropriate operating expense accounts.

If different classes of property and equipment, chargeable to more than one property account, are purchased for a single sum and the cost of each class cannot be definitely ascertained, apportioned costs shall be based upon the most accurate information available and, if necessary, appraisals shall be made by the air carrier.

When property is acquired by transfer from an affiliated company or a separately operated division of the air carrier, the appropriate property account shall be charged and accrued depreciation and reserves for overhaul shall be credited with the balances applicable to the property transferred as recorded on the records of the affiliate or operating division from whom the property is transferred as at the date of such transfer.

When property is acquired as a part of a business from another air carrier through consolidation, merger, or reorganization, pursuant to a plan approved by the Civil Aeronautics Board, the book values and accrued depreciation reserves as carried on the books of the predecessor company at the actual date of transfer shall be entered in the appropriate property accounts of the acquiring carrier. The difference between the actual cost at the date of acquisition and such net book values shall be recorded in account 181, "Property Acquisition Adjustment."

The cost of acquiring leaseholds, patents, copyrights, or other intangibles, shall be charged to account 182, "Other Intangibles."

Interest on liabilities incurred in the acquisition of property and equipment, contract rights, or other privileges, shall not be included as a part of the cost thereof but charged to account 971, "Interest Expense."

4. Property Retired.—In the event property or equipment is disposed of by sale, retirement, abandonment, dismantling, etc., the air carrier shall credit the account in which the property is carried with the book value thereof, charge the accrued depreciation account with the balance applicable to the retired property, and charge the cash proceeds of the sale or the value of salvaged material to the appropriate asset accounts. When the sale price or salvage value less the cost of dismantling is in excess of the net book value of the property, such excess shall be credited to account 958, "Retirements of Operating Property and Equipment—Gain." When the sale price or salvage value less the cost of dismantling is less than the net book value of the property, such loss shall be charged to account 978, "Retirements of Operating Property and Equipment—Loss."

When property is retired or disposed of as a result of major accident or other casualty, the net book value of such property shall be charged to account 174, "Other Deferred Charges," pending adjustments.

When a building, other structure, or unit of equipment is retired from operations and retained by the air carrier, its book value shall be transferred to account 160, "Non-Operating Property and Equipment," and the amount of the reserve for depreciation applicable thereto shall be transferred to account 260, "Accrued Depreciation—Non-Operating Property and Equipment." When such property is transferred for exclusive use of separately operated divisions, the net book value thereof shall be recorded in account 125, "Advances."

When property or equipment is transferred to an affiliated company or a separately operated division of the air carrier, the carrier shall credit the account in which the property is carried with the book value thereof, charge the accrued depreciation account with the balance applicable to the transferred property, charge the reserves for overhaul, if such reserves have been created, with the balance applicable to the transferred property and charge appropriate asset accounts with the amounts billed the receiving affiliated company or separately operated division.

When the renewal to be made to an important building or other structure or to an item of equipment will constitute the major proportion of its value when renewed, the property to which such renewals will apply shall be considered as retired property and accounted for accordingly. The renewal shall be considered as a new unit and the cost thereof, together with the appraised value of the salvaged material, shall be recorded in the appropriate property and equipment accounts. In no case shall the amount set up for the renewal exceed the cost of a new unit of equal capacity and expectation of life at current market prices of labor and material.

BALANCE SHEET ACCOUNTS

OPERATING PROPERTY AND EQUIPMENT

5. Records of Property and Equipment.—The air carrier shall maintain property and equipment records setting forth the description of all property and equipment recorded in account 150, "Operating Property and Equipment." With respect to each unit of property or equipment, the record shall show the date of acquisition, the cost, the cost of additions and betterments, the cost of parts retired, rates of depreciation, residual values (where applicable) not subject to depreciation, and the date of retirement or other disposition.

6. Property and Equipment on Consignment.—Property and equipment loaned, in the custody of, or consigned to, the air carrier without a purchase obligation shall not be recorded in the same manner as similar classes or types of property purchased by the air carrier for cash or other considerations. The property and equipment accounts shall not be charged with such property and liability accounts shall not be established. For the purpose of maintaining comprehensive records an appropriately classified memorandum account, clearly and distinctly earmarked as such, should be maintained.

Property and equipment purchased on a deferred payment basis or under contracts which provide for payment on a unit or other basis shall be treated as a definite purchase obligation and not as consigned property.

7. Aircraft and Engine Records.—In addition to the property records the air carrier shall maintain records of miles and hours flown by each aircraft, and hours flown by each aircraft engine, in sufficient detail to provide the data required on monthly reports to the Civil Aeronautics Board.

BALANCE SHEET ACCOUNTS

OPERATING PROPERTY AND EQUIPMENT

1501 AIRCRAFT

This account shall include the cost of aircraft of all types and classes used in transportation and incidental services together with original installations of all aircraft instruments, appurtenances, parts, and fixtures comprising such aircraft.

Aircraft engines, aircraft radio equipment, aircraft propellers, and miscellaneous flying equipment shall not be included in this account but in the respective accounts provided for such equipment.

1502 AIRCRAFT ENGINES

This account shall include the cost of aircraft engines of all types and classes used in transportation and incidental services, together with original installations of accessories, appurtenances, parts, and fixtures comprising such aircraft engines.

1503 AIRCRAFT PROPELLERS

This account shall include the cost of aircraft propellers of all types and classes used in transportation and incidental services.

1504 AIRCRAFT RADIO EQUIPMENT

This account shall include the cost of aircraft radio equipment of all types and classes used in transportation and incidental services, including radio, radiophone, and other aircraft communication apparatus, together with original installations of fixtures and appurtenances comprising such aircraft communication equipment.

1505 MISCELLANEOUS FLIGHT EQUIPMENT

This account shall include the cost of miscellaneous flight equipment of all types and classes, including miscellaneous flight crew equipment, used in transportation and incidental services.

Item List

Fire extinguishers	Parachutes
Floats	Revolvers

1506 FLIGHT EQUIPMENT SPARE PARTS AND ASSEMBLIES

This account shall include the cost of spare parts, accessories, and assemblies owned by the air carrier and held for use in or repair of specific types of flight equipment used in transportation and incidental services.

Reusable spart parts, accessories, and assemblies recovered in connection with construction, maintenance, or retirement of equipment shall be included in this account at fair and reasonable values, but in no case shall such values exceed original cost. Scrap and non-usable spare part, accessories, and assemblies shall be included at estimated net amounts realizable therefrom.

This account shall not include spare parts which may be used interchangeably in various types of equipment, spare parts held in stock for other than flight equipment, or other inventory items properly chargeable to accounts 109, "Materials and Supplies," and 120, "Non-Current Inventories."

This account shall be maintained in such manner as to segregate clearly spare parts and assemblies held in stock for each type or class of aircraft, aircraft engine, or other flight equipment.

1511 PASSENGER SERVICE EQUIPMENT

This account shall include the cost of original complements of passenger service equipment issued for use on aircraft. Such passenger service equipment complements shall include broilers, beetleware, dishes and glassware, silverware, food boxes, thermos jugs, serving trays, blankets, mattresses, linens, pillows, seat covers, head rest covers, electric razors, first aid kits, etc.

It shall not include spare items intended for replacement of the individual items included in the complements. Such spare items shall be carried in account 109, "Materials and Supplies."

1512 HOTEL, RESTAURANT, AND FOOD SERVICE EQUIPMENT

This account shall include the cost of all types and classes of hotel, restaurant, and food service equipment used in transportation and incidental services.

Item List

Beds and mattresses
Blankets and quilts, etc.
Bottle washers
Broilers
Carpets, rugs
Cash registers
Chests—clothes, etc.
Chairs
Chinaware
Cleaning equipment
Coffee makers
Counters, rails, and gates
Cupboards
Dishes
Dishwashers
Driers
Fans—various
Food choppers
Furniture
Glassware
Hand trucks
Kitchenware
Laundry equipment
Linen
Linoleum
Lockers
Mixers
Ovens
Refrigerators
Serving carts
Serving trays
Silverware
Sinks
Steam tables
Sterilizers
Stools
Stoves
Tables
Thermos bottles
Toasters
Utensils
Water coolers
Water softeners
Water tanks and urns

1521 STATION COMMUNICATION EQUIPMENT

This account shall include the cost of station communication equipment of all types and classes used in transportation and incidental services, including radio, radiophone, telegraph, telephone, teletype, and other necessary fixtures and appurtenances not considered a part of buildings; also other communication equipment adjacent to stations. It shall include communication equipment used in line operations only and shall exclude interoffice telephonic and other local communications equipment which are properly chargeable to account 1527, "Furniture, Fixtures, and Office Equipment."

Item List

Antennae
Antennae masts
Chronometers
Control units
Direction finders
Dynamotors
Generators
Loop assemblies
Poles
Power units
Public-address systems
Receivers—complete
Rectifiers
Remote-control equipment
Switchboards
Teletypes
Towers
Transmitters

1522 METEOROLOGICAL EQUIPMENT

This account shall include the cost of meteorological equipment of all types and classes used in transportation and incidental services, including all weather reporting instruments and devices together with necessary fittings and apparatus not considered a part of the buildings.

Item List

Anemometers
Balloons and appurtenances
Balloon ballast, gascocks
Barographs
Beacons, attachments, etc.
Cabinets, cases, etc.
Ceiling projectors
Chronometers
Hydrogen generators
Hygrometers
Meteorological equipment
Plotting boards and instruments
Psychrometers
Rain gauges
Theodolites
Thermographs
Thermometers
Weather devices

1523 HANGAR, SHOP, AND RAMP EQUIPMENT

This account shall include the cost of hangar, shop, and ramp equipment not considered a part of buildings, such as machinery and depreciable tools of all types and classes used in overhauling, repairing, testing, and servicing property and equipment used in transportation and incidental services.

Item List

Air compressors
Air-conditioning units
Aircraft engine-heating devices
Air transformers
Baggage carts, various
Balancing ways—propellers
Ballast tanks
Band saw machines
Battery carts
Belting
Bins, cabinets, etc.
Blowers
Bulletin boards
Cables, block and tackle
Cargo-loading stands
Carpenter-shop equipment—tools
Cleaning equipment
Commissary carts
Cranes
Cranes, overhead and tracks
Dollies
Docking cradles
Docking rails
Docking trolleys
Doping equipment
Drill presses
Drip pans
Electrical motors and devices
Elevated working platforms
Fans, various
Fire extinguishers
Forges
Furnaces and ovens
Gasoline cleaning devices
Gauges, dies, etc.
Generators
Grinding machines
Hand tools, first cost
Hoists, chains, and tackle
Hydraulic jacks
Instrument repair equipment
Instrument tools, first cost
Jacks—various
Jigs
Laboratory test equipment
Ladders—stop
Lathes
Lawn mowers
Machine tools, first cost
Mandrels
Metal working machines and tools
Motor overhaul machines
Motor stands
Oil reclaimers and distillers
Overhead suspensions
Passenger canopies
Passenger steps
Planers
Polishing machines
Portable lights, first cost
Power machinery
Presses and punches
Protective devices
Pumps
Push cars for shop use
Radio tools and test equipment
Ramp equipment
Riveting devices
Redistilling equipment
Repurification equipment
Run-in stands and equipment
Saws, various
Scales
Shelving
Sinks for solvents
Sledges
Spark plugs test equipment
Spray machines and equipment
Starting equipment
Storage tanks, shop use
Tables, shop use
Taxi cars and tracks
Trolleys and tracks
Testing devices
Threading machines
Time clocks
Tire repair equipment
Tools, stands, and tool chests
Tow bars
Tripods
Trucks, shop
Ventilators
Vises
Water coolers
Welding equipment

1524 FLOATS, BARGES, AND EQUIPMENT

This account shall include the cost of floats, barges, and equipment purchased or built by the air carrier and used in transportation and incidental services.

Item List

Anchors
Barges
Bateaus
Blocks and tackle
Buoys
Bumpers
Cables
Chains
Chairs
Chronometers
Clocks
Compasses
Counters
Drums, steel and wood, etc.
Floats, landing; pontoons, hulls
Gang planks, walks, etc.
Hoisting machinery, equipment
Hooks
Hawsers, rope or chain, cables
Ladders, landing, etc.
Life preservers
Lighters
Masts
Nose aprons
Planking, walks, etc.
Platforms
Pump equipment
Punts
Rowboats
Sails
Scales
Stages, for gasoline, etc.
Tanks
Towing barges

1525 MOTORIZED VEHICLES AND EQUIPMENT

This account shall include the cost of motorized vehicles and equipment of all types and classes used in transportation and incidental services, such as passenger automobiles, limousines, motor trucks, gasoline trucks and tanks, tractors, busses, motorcycles, air-conditioning trucks and equipment, and other specially built motor vehicles, station wagons, and trailers.

1526 MOTORIZED MARINE EQUIPMENT

This account shall include the cost of motorized marine equipment of all types and classes used in transportation and incidental services such as motor boats, launches, ships, etc.

Item List

Anchors
Axes
Barometers
Binnacle lamps
Blocks and tackle
Boilers and foundations
Cables
Capstan bars
Chronometers
Clocks
Compasses
Engines and foundations
Ferryboats
Fire buckets
Fire extinguishers
Gangplanks
Hatchets
Heating equipment
Hoisting equipment
Hooks
Life preservers
Lighting equipment
Power launches
Power lighters
Steamboats
Steamships
Tugboats

1527 FURNITURE, FIXTURES, AND OFFICE EQUIPMENT

This account shall include the cost of all types and classes of movable furniture, fixtures, and office equipment used in transportation and incidental services and not considered improvements to buildings or leased property.

This account shall also include the cost of interoffice telephonic and other local communications equipment which are not properly chargeable to account 1521, "Station Communication Equipment."

Item List

Adding machines
Air-conditioning units
Awnings
Baskets, waste, etc.
Bookcases
Cabinets
Calculating machines
Carpets, rugs, etc.
Chairs
Check-writing machines
Cleaning equipment
Clocks, time-checking, etc.
Clothes trees
Communication Systems—office
Counters, rails and gates
Cupboards
Daters
Davenports
Desks
Desk sets
Dictaphones and equipment
Duplicating machines
Electric lights, various types
Fans, electric, etc.
Filing cases and equipment
Fire extinguishers
Librascopes
Linoleum
Lockers, metal or wood
Machines, office use
Maps, frames and cases
Mimeograph machines and equipment
Mirrors
Pictures and frames
Punches
Safes
Scales
Screens, metal or wood
Stands, benches, etc.
Stepladders, stepbenches, etc.
Stools
Stoves
Tables, benches, stands, etc.
Typewriters and equipment
Wardrobes
Water coolers

1528 MEDICAL EQUIPMENT

This account shall include the cost of medical, surgical, and health service equipment of all types and classes used in transportation and incidental services and not considered improvements to buildings or leased property.

Item List

Adoptometers
Anatomical chairs
Asbestos chimney muscle testers
Audio meters
Basal metabolism units
Clinical tables
Electrocardiographs
Examining chairs
Examining lamps
Examining tables
Hospital beds
Hydraulic units
Incubators
Instrument cabinets
Keratometers
Medical library
Microscopes
Nurses' record desks
Perimeters
Physiotherapy apparatus
Refractors
Refrigerators
Scales
Sphygmomanometers
Spirometers
Stereoscopes
Sterilizer cabinets
Stethoscopes
Treatment chairs
Vertometers
Visual-activity meters
Waste receivers
X-ray machines and equipment

1529 ENGINEERING EQUIPMENT

This account shall include the cost of engineering and drafting equipment of all types and classes used in transportation and incidental services and not considered improvements to buildings or leased property.

Item List

Blue-printing equipment
Drafting equipment
Drawing boards
Drawing sets
Engineering books, etc.
Engineering instruments
Laboratory equipment
Lettering sets
Slide rules
Tracing tables

1531 AIRPORT AND AIRWAY LIGHTING EQUIPMENT

This account shall include the cost of airport and airway lighting equipment of all types and classes used in transportation and incidental services.

Item List

Beacons
Buoys, light markers
Blinker lights
Boundary lights
Code beacons
Contact lights
Electric generating plants
Fire pots
Flood lights
Obstruction lights
Power lines
Pump equipment
Switch cabinets
Time switches
Towers

1532 STORAGE AND DISTRIBUTION EQUIPMENT

This account shall include the cost of fuel, oil, water, storage, and related distribution equipment; storage tanks and pipe lines, together with the necessary equipment; special foundations and walls therefor; auxiliary tanks and pumps; fire extinguishers and equipment, and other protective devices considered a part of the storage and distribution equipment used in transportation and incidental services.

Item List

Automatic starters and switches
Electric motors
Fences and gates
Fire extinguishers and equipment
Generators
Hose
Meters
Nozzles
Oil containers
Oil pumps
Pipe lines
Pits, fuel and oil
Pumps and Equipment
Tanks
Unloading equipment
Valves
Water separators

1533 MISCELLANEOUS GROUND EQUIPMENT

This account shall include the cost of photographic, advertising, employees' training, and other miscellaneous ground equipment of all types and classes used in transportation and incidental services and not recorded in ground operating property and equipment accounts 1511 to 1532, inclusive.

Item List

Cabinets, cases, etc.
Cameras and equipment
Cleaning equipment
Darkroom equipment
Employees' training equipment
Pilot flight trainers
Screens, photographic
Signs—Neon, painted, electric, etc.
Snow-removal equipment
Sound equipment
Tripods

1534 BUILDINGS AND IMPROVEMENTS ON LAND OWNED

This account shall include the cost of buildings, structures, and improvements on land owned by the air carrier and used in transportation and incidental services.

The cost of buildings includes all fixtures and appurtenances attached to and forming a permanent part of buildings such as water, steam, and gas piping; electric wiring; and fuel, water, and oil storage and distribution systems when considered a part of the building or structures; and other miscellaneous costs applicable thereto.

The cost of improvements includes walks, roadways, runways, and driveways; sewer systems, retaining walls, grading and landscaping, aprons, and other permanent structures which are an improvement to the property.

The cost of restoring structures and grounds to their former condition after additions and betterments have been made shall be included in the cost of such additions and betterments.

Item List

Administration buildings
Airport buildings
Aprons
Architect fees
Breakwaters
Bridges, culverts, etc.
Buildings for housing employees
Bulkheads
Channels and waterways—lanes
Clearing ground
Communication buildings and towers
Damage to adjoining property
Docks
Dock houses
Drainage systems, tiling, boxing, etc.
Dredging, etc.
Driveways
Dwellings
Fences and gates
Foundations and walls, etc.
Fountains and fixtures
Garages
Grading, leveling, etc.
Grass, trees, seeding, etc.
Hangars
Heating systems
Hotel buildings
Kohler houses
Legal fees
Marine port buildings
Marine port hangars
Markers, buoys, etc.
Markers, obstruction
Nose hangars
Office buildings
Operations buildings
Outhouses, sheds, etc.
Paving
Piers, landing, loading, etc.
Piling and collars
Platforms
Protective devices around buildings
Pump houses
Ramps
Restaurant buildings
Runways
Sanitary systems, etc.
Sea walls and retaining walls
Sheds
Shops
Shower buildings
Special type buildings
Sprinkling system in buildings, etc.
Station buildings
Storage houses
Surveyors' fees
Terminal buildings
Utility buildings
Ventilating systems, fixtures, etc.
Walks, adjacent to structures
Warehouses
Water systems, piping, etc.
Wind cones and parts

1535 BUILDINGS AND IMPROVEMENTS ON LAND NOT OWNED

This account shall include the cost of buildings, structures, and improvements used in transportation and incidental services on land not owned by the air carrier.

The cost of buildings includes all fixtures and appurtenances attached to and forming a permanent part of buildings such as water, steam, and gas piping; electric wiring; and fuel, water, and oil storage and distribution systems when considered a part of the buildings or structures; and other miscellaneous costs applicable thereto.

The cost of improvements includes walks, roadways, runways, and driveways; sewer systems, retaining walls, grading and landscaping, aprons, and other permanent structures which are an improvement to the property.

The cost of restoring structures and grounds to their former condition after additions and betterments have been made shall be included in the cost of such additions and betterments.

When the title to buildings and improvements passes to the lessor at the termination of a lease or contract and no renewal option is contained therein, the cost less any amount to be recovered shall be written off as depreciation during the remainder of the contract period or over a lesser period depending upon the expected life of such improvements. When the lease contains a renewal clause and the expected life of improvements is greater than the term of the original lease without exercise of the renewal option, the improvements may be depreciated at the normal rate or over the period of the original contract depending upon the air carrier's opinion of whether or not the renewal option will be exercised.

1535 BUILDINGS AND IMPROVEMENTS ON LAND NOT OWNED—continued

Item List

Administration buildings
Airport buildings
Aprons
Architect fees
Breakwaters
Bridges, culverts, etc.
Buildings for housing employees
Bulkheads
Channels and water ways—lanes
Clearing ground
Communication buildings and towers
Cranes, overhead and track
Damage to adjoining property
Docks
Dock houses
Drainage systems, tiling, boxing, etc.
Dredging, etc.
Driveways
Dwellings
Fences and gates
Foundations and walls, etc.
Fountains and fixtures
Garages
Grading, leveling, etc.
Grass, trees, seeding, etc.
Hangars
Heating systems
Hotel buildings
Kohler houses
Legal fees
Marine port buildings
Marine port hangars
Markers, buoys, etc.
Markers, obstruction
Nose hangars
Office buildings
Operations buildings
Outhouses, sheds, etc.
Paving
Piers, landing, loading, etc.
Piling and collars
Platforms
Protective devices around buildings
Pump houses
Ramps
Restaurant buildings
Runways
Sanitary systems, etc.
Sea walls and retaining walls
Sheds
Shops
Shower buildings
Special type buildings
Sprinkling system in building, etc.
Station buildings
Storage houses
Surveyors' fees
Terminal buildings
Utility buildings
Ventilating systems, fixtures, etc.
Walks, adjacent to structures
Warehouses
Water systems, piping, etc.
Wind cones and parts

1536 IMPROVEMENTS TO LEASED PROPERTY

This account shall include the cost of improvements, additions, and betterments to buildings or structures used in transportation and incidental services but not owned by the air carrier.

When the title to improvements passes to the lessor at the termination of a lease or contract and no renewal option is contained therein, the cost less any amount to be recovered shall be written off as depreciation during the remainder of the contract period or over a lesser period depending upon the expected life of such improvements.

When the lease contains a renewal clause and the expected life of improvements is greater than the term of the original lease without exercise of the renewal option, the improvements may be depreciated at the normal rate or over the period of the original contract depending upon the air carrier's opinion of whether or not the renewal option will be exercised.

1551 LAND

This account shall include the cost of land owned and used in transportation and incidental services.

The cost of land includes, when assumed or paid by the air carrier, the purchase price, purchasing agent's commission, legal fees and expenses, liens assumed, title search and guaranty, notarial and recording fees, taxes assumed at date of purchase, assessments for local improvements, and the initial cost of clearing timber and brush, draining, filling, leveling, grading, etc.

Special assessments subsequent to acquisition of land shall be charged to this account when levied for public improvements such as streets, roads, bridges, sewers, pavements, curbings, etc., but not taxes levied to provide for the maintenance of such improvements.

When land is purchased for use in transportation or incidental services on which buildings or other structures are located and the purchase price of the land is not separately stated, the purchase price shall be apportioned at fair and reasonable values. If such buildings are for use in transportation and incidental services the apportioned value thereof shall be charged to account 1534, "Buildings and Improvements on Land Owned"; if not used in transportation and incidental services but abandoned or held for investment, the apportioned value shall be charged to account 160, "Non-Operating Property and Equipment." If the improvements are removed or dismantled the cost thereof shall be charged and the salvage credited to this account.

Proceeds from the sale of timber, cordwood, or other property purchased with land, if sold at the time of original clearing and grading, shall be credited to the cost of the land. Such proceeds, if sold subsequent to original clearing and grading, shall be credited to account 959, "Other Non-Operating Income."

Land acquired and held for future use shall be included in account 160, "Non-Operating Property and Equipment," until used in operations at which time the book value thereof shall be transferred to this account.

The book value of airports not used in transportation and incidental operations shall be transferred, at the time of discontinuance of such use, to account 160, "Non-Operating Property and Equipment."

Item List

Abstracts
Appraisals
Commissions paid others
Damage to adjoining property
Examination and registration fees
Judgments and costs to clear and defend titles
Legal fees
Notarial fees
Plats
Recording deeds
Removal and relocation of buildings and other structures not purchased
Special Assessments for public improvements
Surveyor fees

BALANCE SHEET ACCOUNTS

OPERATING PROPERTY AND EQUIPMENT

1561 CONSTRUCTION WORK IN PROGRESS

This account shall include the cost to the date of the balance sheet of all construction work in progress. The cost includes labor, materials, supplies, outside services, and indirect costs attributable to such construction work.

Upon completion the cost of each unit of equipment, building, improvement, or improvement to land, shall be transferred to the appropriate operating property and equipment account.

The records of the air carrier shall be kept in such manner as to show separately the cost of each construction project or job order.

BALANCE SHEET ACCOUNTS

NON-OPERATING PROPERTY AND EQUIPMENT

160 NON-OPERATING PROPERTY AND EQUIPMENT

This account shall include the cost of non-operating property and equipment not used in the air carrier's transportation and incidental services or in separately operated divisions.

Property acquired and not used in transportation or incidental services but held for investment or future use shall be included in this account. The book value of abandoned airports shall be transferred, at the time of abandonment, to this account.

All revenue or other income derived from the property and equipment included in this account shall be credited to account 955, "Non-Operating Property and Equipment Income." All expenses applicable to such property and equipment shall be charged to account 973, "Non-Operating Property and Equipment Expenses."

Loss and gain on the sale or other disposition of property and equipment included in this account shall be treated in the same manner as income and expenses from such property and equipment.

Appropriate subaccounts shall be maintained for each class of property in accordance with the classifications and definitions pertaining to account group 150, "Operating Property and Equipment."

Jobs in process for others shall not be included in this account, but in account 112, "Other Current and Accrued Assets."

BALANCE SHEET ACCOUNTS

DEFERRED CHARGES

Account Number	*Account*
170	Deferred Charges
171	Prepayments
172	Extension and development projects
173	Long-term operating property prepayments
174	Other deferred charges

BALANCE SHEET ACCOUNTS

DEFERRED CHARGES

INSTRUCTIONS

1. The accounts in this group are designed to record prepayments of operating expenses, the cost of extension and development projects involving new air routes or the extension of established routes, discount and expense on long-term debt, capital-stock discount and expense, and general clearing accounts including charges held in suspense pending the receipt of information necessary for final disposition.
2. The accounts shall be kept or supported in such manner as to disclose the amount of each class of items entered therein.
3. Deferred charges having a definite time incidence such as rents, interest, and bond discounts shall be prorated over the periods to which they apply.

BALANCE SHEET ACCOUNTS

DEFERRED CHARGES

171 PREPAYMENTS

This account shall include amounts representing prepayments of rents, insurance, taxes, interest, advertising, royalties, and license fees, and other miscellaneous prepaid items, and shall be kept or supported in such a manner as to disclose the amount of each class thereof.

Prepayments having a definite time incidence shall be prorated to appropriate expense accounts over the periods to which they apply.

BALANCE SHEET ACCOUNTS

DEFERRED ACCOUNTS

172 EXTENSION AND DEVELOPMENT PROJECTS

Expenses pertaining to extension and development projects, at the option of the air carrier, may be accumulated in this account or may be charged directly to account 975, "Extension and Developnfent." Such expenses shall include the cost of developing new routes and extension of existing routes. Expenses of intervening in new route or route extension proceedings shall be charged directly to account 975, "Extension and Development."

There shall be included in the cost of such projects all related expenses such as travel and incidental expenses, legal expenses, and regulatory bodies expenses. Salaries shall include not only employees engaged wholly in connection with such projects but a proportionate part of other employees' salaries when a substantial part of their time is devoted to such projects.

Should an air carrier elect to capitalize part or all of the costs of an extension and development project in this account rather than charging such expenses directly to account 975, "Extension and Development," it shall prepare a statement to be added as a supplement to the monthly report CAB Form 2380 for the month during which expenses under the pertinent project are first incurred, setting forth the types of expense it proposes to capitalize, the types of expense it proposes to charge directly to account 975, "Extension and Development," and the monthly rates at which it proposes to amortize the capitalized expenses. The accounting treatment proposed in this statement shall thenceforth be followed by the air carrier, subject to review and possible modification by the Civil Aeronautics Board.

Separate subaccounts shall be established for the purpose of definitely separating the expenses of each project and the records supporting the entries in each subaccount shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense. The items of expense shall be classified in accordance with the following list in order to fulfill current reporting requirements:

Salaries of officers and employees
Expenses of officers and employees
- (*a*) Transportation
- (*b*) Subsistence
- (*c*) Telephone and telegraph
- (*d*) Miscellaneous

Expenses—Others
- (*a*) Transportation
- (*b*) Subsistence
- (*c*) Telephone and telegraph
- (*d*) Miscellaneous

Entertainment
Advertising
Promotional flights
Other promotional expenses
Legal fees
Witness fees
Special case preparation expenses
Technical development expenses
- (*a*) Survey flights
- (*b*) Professional fees
- (*c*) Other

Miscellaneous

BALANCE SHEET ACCOUNTS

DEFERRED CHARGES

173 LONG-TERM OPERATING PROPERTY PREPAYMENTS

This account shall include advances to State, county, and municipal governments, or others, for the construction of buildings and other facilities for use by the air carrier, or for joint use by the air carrier and others, when the terms of the contract under which such advances are made provide for repayment in the form of rents and other concessions over a period in excess of 1 year. This account shall be credited with the amount of rents or other benefits accrued at the close of each monthly period and concurrent entries shall be made in appropriate expense accounts. Advances of this nature recoverable within a period of 1 year or less shall not be included in this account but in account 171, "Prepayments."

174 OTHER DEFERRED CHARGES

This account shall be used as a general clearing account and shall include all unadjusted charges not provided for elsewhere, such as debit balances in suspense that cannot be cleared until additional information has been received; undistributed freight and express charges; deposits with untility companies and deposits for use of water bottles, gas and oil drums, etc.; funds on deposit with closed banks; assets of current character but of doubtful value; and organization expenses.

This account shall be charged with all expenses incurred in connection with all major accidents and casualties. Separate subaccounts shall be established covering each major accident or casualty and charged with the net book value of property destroyed or damaged; payments to others for property damaged; expenses in connection with injuries to personnel of the air carrier and others; and costs of clearing wrecks and damaged property and equipment including salaries and wages in connection therewith. Credit entries shall be made for insurance recoveries and the value of salvaged property applicable to the destroyed or damaged property; the applicable reserve, if any, set up in account 293, "Reserve for Uninsured Losses," shall also be credited to this account. After all adjustments have been made the resulting balance in the suspense accounts shall be cleared to the appropriate "Injuries, Loss, and Damage" accounts. No suspense accounts will be required to record minor accidents and casualties where the resulting property damage is treated as ordinary repairs or where the resulting losses are nominal.

This account shall also include the unamortized discount and expense on all classes of long-term debt securities issued or assumed by the air carrier and shall be written off periodically over the respective life of each class by charges to account 972, "Amortization of Discount and Expense on Debt."

Discount on long-term debt is defined as the excess of par value of the securities issued or assumed, plus the accrued interest thereon, if any, over the actual cash value of the consideration received.

Expenses on long-term debt is defined as all expenses insurred in connection with registration and issue of long-term debt securities such as professional services, clerical expense, registration fees, recording fees, transfer fees, engraving and printing, miscellaneous stamp tax, etc.

174 OTHER DEFERRED CHARGES—continued

This account shall also be charged with discount on capital stock of all classes. The amounts accumulated in this account covering capital stock discount shall be written off by charges to account 291, "Capital Surplus," to the extent of such capital surplus after excluding therefrom any credits representing revaluation of assets. If the credit balance in account 291, "Capital Surplus," exclusive of any credits arising from the revaluation of assets, is insufficient the remainder may be written off to account 292, "Unappropriated Earned Surplus."

This account shall also include all expenses incurred in connection with the sale and issuance of capital stock. The amount accumulated in this account covering capital-stock expense shall be written off by charges to account 291, "Capital Surplus," to the extent of such capital surplus after excluding therefrom any credits representing revaluation of assets. If the credit balance in account 291, "Capital Surplus," is insufficient, exclusive of any credits arising from the revaluation of assets, the remainder may be written off to account 292, "Unappropriated Earned Surplus." Capital-stock expense includes all expenses incurred in connection with new issues of capital stock such as qualifying fees, legal fees and charges, and accounting fees; engraving and printing; clerical expense; commissions and salesmen's salaries; registration, transfer, trustees, and recording fees; miscellaneous stamp taxes, etc. Expenses in connection with the exchange and transfer of capital stock shall be charged to account 843, "Corporate and Fiscal Expenses."

This account shall not include jobs in process which are provided for in accounts 109, "Materials and Supplies," 112, "Other Current and Accrued Assets," and 1561, "Construction Work in Progress."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each deferred charge included therein.

BALANCE SHEET ACCOUNTS

INTANGIBLES

Account Number	*Account*
180	Intangibles
181	Property acquisition adjustment
182	Other intangibles

INTANGIBLES

181 PROPERTY ACQUISITION ADJUSTMENT

When property and equipment is acquired as a part of a business from another air carrier through purchase, consolidation, merger, or reorganization, pursuant to a plan approved by the Civil Aeronautics Board, this account shall be used to record the difference between (*a*) the cost or the current value of the consideration paid for such property and equipment, and (*b*) the net book value of such property and equipment on the books of predecessor companies at the date of acquisition. Separate subaccounts shall be established to record the amounts applicable to each such acquisition.

A supplementary statement shall accompany monthly reports covering the months in which charges are made in this account. The required statement shall include an explanation of the charges and the air carrier's proposed plan for write-off or amortization. The plan shall be considered effective unless the air carrier is informed of modifications of the proposed accounting treatment by the Economic Bureau of the Civil Aeronautics Board.

BALANCE SHEET ACCOUNTS

INTANGIBLES

182 OTHER INTANGIBLES

This account shall include the cost of leaseholds, patents, copyrights, and other intangible assets. The value of any consideration paid to other air carriers for the going-concern value of existing air routes, when such air routes are obtained independently of property and equipment, shall be recorded in this account.

A supplementary statement shall accompany monthly reports covering the months in which charges are made in this account. The required statement shall include an explanation of the charges and the air carrier's proposed plan for write-off or amortization. The plan shall be considered effective unless the air carrier is informed of modifications of the proposed accounting treatment by the Economic Bureau of the Civil Aeronautics Board.

Appropriate subaccounts shall be maintained for each class of intangible property included in this account.

BALANCE SHEET ACCOUNTS

CURRENT LIABILITIES

Account Number	*Account*
200	Current Liabilities
201	Notes payable
202	Accounts payable
203	Airline traffic accounts payable
204	Air travel plan liability
205	Dividends declared
206	Salaries and wages accrued
207	Interest accrued
208	Taxes accrued
209	Ticket refund liability
210	Other current and accrued liabilities

BALANCE SHEET ACCOUNTS

CURRENT LIABILITIES

201 NOTES PAYABLE

This account shall include all notes payable on demand or within 1 year or less from the date of the balance sheet. It shall also include mortgages or bonded indebtedness due within 1 year from the date of the balance sheet.

Notes payable more than 1 year from the date of the balance sheet shall not be included in this account but in account 220, "Long-Term Debt"; notes payable to affiliated companies shall be included in account 225, "Advances."

202 ACCOUNTS PAYABLE

This account shall include open accounts payable, both audited and unaudited, *except* items provided for in other accounts in this group.

This account shall include accrued interest and traffic accounts payable to affiliated and other associated companies.

The records supporting the entries in this account shall be kept in such manner that the carrier can provide complete information concerning the liability to each affiliated and other associated company.

203 AIRLINE TRAFFIC ACCOUNTS PAYABLE

This account shall include amounts collected by the air carrier for the accounts of other air carriers for transportation services of all types over their lines.

When unclaimed credits are cleared from this account, the amounts thereof shall be credited to appropriate transportation revenue accounts, unless such items shall have been ascertained to be proper credits to the accounts of purchasers.

Amounts due affiliated and other associated companies for transportation services of all types over their lines shall not be credited to this account but to account 202, "Accounts Payable."

Amounts receivable included in account 105, "Airline Traffic Accounts Receivable," shall not be charged to this account.

204 AIR TRAVEL PLAN LIABILITY

This account shall include all deposits received by the air carrier from the sale of air travel plan contracts.

205 DIVIDENDS DECLARED

This account shall include all dividends declared on capital stock and the liability shall be established herein as of the date such dividends are declared.

Appropriate subaccounts shall be maintained for dividends on each class of stock.

206 SALARIES AND WAGES ACCRUED

This account shall include salaries and wages accrued and unpaid.

207 INTEREST ACCRUED

This account shall include interest accrued and unpaid on all indebtedness of the air carrier *except* when such interest is added to the principal debt.

Interest accrued and payable to affiliated and other associated companies shall not be included in this account but in account 202, "Accounts Payable."

Separate subaccounts shall be maintained for the accrued interest on each class of indebtedness.

208 TAXES ACCRUED

This account shall include taxes accrued and unpaid.

When the exact amount of taxes cannot be ascertained the accrual shall be estimated and as the actual amounts become known the accruals shall be adjusted accordingly.

Records supporting the entries in this account shall be kept in such manner as to disclose the basis used for each class of tax accruals and the amount of each class of taxes accrued and paid.

Prepaid taxes shall not be included in this account but in account 171, "Prepayments."

Item List

Aircraft license
Capital stock
Federal, State, and foreign income taxes
Federal, State, and foreign unemployment
Federal and foreign old-age benefit
Franchise
Gross receipts
License fees
Money and credits tax
Motor vehicle license fees
Permits
Personal property
Real property
Road tax
Sales and use taxes payable to taxing bodies
Utilities

209 TICKET REFUND LIABILITY

This account may be used at the option of the air carrier to include the estimated liability for refunds for transportation sold but not used by passengers. Entries in this account shall be concurrently charged or credited to account 231, "Unearned Transportation Revenue."

BALANCE SHEET ACCOUNTS

CURRENT LIABILITIES

210 OTHER CURRENT AND ACCRUED LIABILITIES

This account shall include all current and accrued liabilities of the air carrier not included in accounts 201 to 209, inclusive. It shall also include the air carrier's estimated accrued liability in connection with the cost of return of empty drums.

Item List

Accrued insurance premiums
Accrued audit fees
Accrued legal fees
Accrued rents
Accrued stock transfer fees and expenses

BALANCE SHEET ACCOUNTS

LONG-TERM DEBT

220 LONG-TERM DEBT

This account shall include all long-term debt maturing more than 1 year from the date of the balance sheet, such as mortgages, equipment trust certificates, bonds, debentures, receivers' certificates, notes and other long-term debt issued or assumed by the air carrier.

Long-term debt securities shall be recorded at par value excluding accrued interest. Discount on long-term debt shall be recorded in account 174, "Other Deferred Charges," and premium thereon in account 232, "Other Deferred Credits."

Long-term debt due within 1 year or less from the date of the balance sheet shall be cleared from this account and transferred to account 201, "Notes Payable."

This account shall be charged with the par value of long-term debt originally issued and subsequently reacquired for retirement or to be held pending final disposition. The difference between the cost and the par value shall be entered in account 959, "Other Non-Operating Income," or account 979, "Other Deductions from Gross Income," as appropriate. Unamortized discount and premium applicable to reacquired long-term debt shall be adusted at the time of reacquirement.

Appropriate subaccounts shall be established for each class of long-term debt issued and each class reacquired and held pending final disposition. The net amount of all classes outstanding shall be shown on the balance sheet included in CAB Form 2380, but when reacquired securities are charged to this account and not retired, an appropriate footnote shall be made on the balance sheet.

BALANCE SHEET ACCOUNTS

ADVANCES

225 ADVANCES

This account shall include amounts due affiliated companies and separately operated divisions of the air carrier on loans and notes payable.

Amounts due affiliated companies on open accounts which are ordinarily settled by an exchange of funds, should not be credited to this account but to account 202, "Accounts Payable"; however, in those instances where it is determined by the air carrier that it is impossible to segregate definitely amounts currently due and advances from each affiliate, the aggregate of amounts due each affiliate may be included in this account after notification in writing to the Economic Bureau of the Civil Aeronautics Board that such segregation is impossible.

The records supporting the entries in this account shall be maintained in such manner as to distinguish clearly between advances from affiliated companies and advances from separately operated divisions of the air carrier.

BALANCE SHEET ACCOUNTS

DEFERRED CREDITS

Account Number	*Account*
230	Deferred Credits
231	Unearned transportation revenue
232	Other deferred credits

BALANCE SHEET ACCOUNTS

DEFERRED CREDITS

231 UNEARNED TRANSPORTATION REVENUE

This account shall include the value of passenger tickets sold for transportation over the air carrier's own lines that have not been used or refunded as at the date of the balance sheet.

When unused and unrefunded tickets are cleared from this account, the amounts thereof shall be credited to account 301, "Passenger," unless such items shall have been ascertained to be proper credits to the accounts of purchasers.

BALANCE SHEET ACCOUNTS

DEFERRED CREDITS

232 OTHER DEFERRED CREDITS

This account shall include all unadjusted and deferred credits not provided for in account 231, such as credit balances in suspense, credit balances in clearing accounts that cannot be cleared until additional information has been received, and miscellaneous revenue and income accounts held in suspense.

This account shall include the net gain from involuntary conversion of property when the air carrier elects to apply the gain in accordance with the provisions of section 112 (f) of the Internal Revenue Code. The amount of such gain shall be the difference between the amount received and the net book value of the property converted.

This account shall include the amount of installments received on capital stock on a partial or installment payment plan from officers, employees, and others who are not bound by legally enforceable subscription contracts. As subscriptions are paid in full and certificates issued this account shall be charged and the appropriate capital-stock account credited.

This account shall also include the unamortized premium on all classes of long-term debt securities issued or assumed by the air carrier. The amount of such unamortized premium in this account shall be written of periodically over the respective life of each class of securities by credits to account 954, "Amortization of Premium on Debt."

Premium on long-term debt is defined as the excess of the actual cash value of the consideration received for long-term debt over the par value and the accrued interest thereon.

The records supporting the entries in this account shall be kept in such manner that the air carrier can provide full information as to each deferred credit included therein.

BALANCE SHEET ACCOUNTS

VALUATION RESERVES

Account Number	*Account*
240	Valuation Reserves
250	Accrued depreciation—Operating property and equipment
260	Accrued depreciation—Non-operating property and equipment
262	Accrued amortization—Extension and development projects
265	Other valuation reserves

INSTRUCTIONS

RESERVE FOR DEPRECIATION

Depreciation is defined as losses occurring in physical property, either temporary or permanent, suffered through current lessening in service value due to wear and tear from use and the action of time and elements, which are not replaced by current repairs; also, the losses in capacity for use or service occasioned by obsolescence, supercession, discoveries, change in popular demand, or the requirements of public authority.

Residual value is defined as the predetermined portion of the book value of a unit of property and equipment excluded from depreciation.

Service value is defined as the difference between book value and residual value.

Property not subject to depreciation shall include (1) land owned or held in perpetuity, (2) expenditures on uncompleted units of property and equipment during the process of construction or manufacture, and (3) any other physical property not subject to depreciation due to the nature of its construction or inherent characteristics.

Bases of depreciation. Depreciation rates applicable to each class of depreciable property shall be established on the basis of the estimated service values and service lives developed by a study of the air carrier's history and experience and such engineering and other information as may be available with respect to prospective future conditions.

BALANCE SHEET ACCOUNTS

VALUATION RESERVES

All aircraft shall be depreciated on a unit basis. Air carriers operating 10 or more aircraft in line service may depreciate aircraft engines and propellers on either a unit or a group basis at their option. Air carriers operating less than 10 aircraft in line service shall depreciate aircraft engines and propellers on a unit basis.

Property and equipment not readily identifiable or of only nominal value shall be classified into groups of identical items with approximately equal expectancy of life and depreciated on a group basis.

The air carrier shall establish rates of depreciation and residual values calculated to prevent charging excessive expense or the accumulation of excessive reserves.

It shall file with the Civil Aeronautics Board a statement setting forth clearly and completely its depreciation accounting practices in respect to its various categories of equipment.

When changing conditions make necessary revision in rates of depreciation or residual values, such revision shall be made applicable to subsequent accounting periods and shall not be applied retroactively.

Any revisions in rates of depreciation or depreciation accounting practice shall be fully explained in a supplementary statement attached to monthly report CAB Form 2380 for the month in which such revisions are made.

Precise accounting practices, rates of depreciation, and residual values are not prescribed herein with the following exceptions.

1. AIRCRAFT.—Depreciation shall be calculated on the basis of years of life from the date the aircraft is first assigned to revenue service by the air carrier. The value to be depreciated shall be the book value of the property minus a residual value which shall be assigned to it by the air carrier.

2. AIRCRAFT ENGINES.—Depreciation shall be calculated on the basis of years of life from the date the engine is first assigned to revenue service. The value to be depreciated shall be the book value of the property minus a residual value which shall be assigned to it by the air carrier.

BALANCE SHEET ACCOUNTS

VALUATION RESERVES

3. AIRCRAFT PROPELLERS.—Depreciation shall be calculated on the basis of years of life from the date the propeller is first assigned to revenue service. The value to be depreciated shall be the book value of the property minus a residual value which shall be assigned to it by the air carrier.

4. FLIGHT EQUIPMENT SPARE PARTS AND ASSEMBLIES.—A provision for loss on retirement may be accrued for flight equipment spare parts and assemblies included in account 1506, "Flight Equipment Spare Parts and Assemblies," over the estimated life of the flight equipment to which these items relate. The estimated loss on each type of equipment shall be computed by estimating the inventory on hand at the time of retirement and deducting therefrom the estimated residual value. The amount of loss thus determined shall be accrued through equal monthly charges to account 4506, "Depreciation—Flight Equipment Spare Parts and Assemblies." The reserve applicable to each class or type of spare parts and assemblies included in account 1506, "Flight Equipment Spare Parts and Assemblies," shall be recorded in appropriate subaccounts under account 2506, "Accrued Depreciation—Flight Equipment Spare Parts and Assemblies."

In the event an air carrier is eligible to depreciate aircraft engines or propellers on a group basis as provided for herein, it shall submit to the Civil Aeronautics Board, prior to the adoption of such practice, group depreciation plans setting forth the proposed methods of calculating rates of depreciation and residual values, which plans shall include statistical data based upon the experience of the air carrier of such a nature and in such detail as will clearly demonstrate that the rates will not result in excessive charges to expense or excessive accumulation of reserve. The plans shall provide specific accounting treatment for losses or gains due to sale and losses (or insurance gain) on account of accident. The air carrier shall not establish depreciation accounting on the group basis until after review of its proposed plans by the Economic Bureau of the Civil Aeronautics Board and receipt of notification from the Civil Aeronautics Board that the plans are in conformity with the requirements set forth herein.

BALANCE SHEET ACCOUNTS

VALUATION RESERVES

250 ACCRUED DEPRECIATION—OPERATING PROPERTY AND EQUIPMENT

This account shall include accrued depreciation reserves on operating property and equipment used in transportation and incidental services.

Accruals to this account for depreciation on flight equipment shall be charged to account group 450, "Depreciation—Flight Equipment," and depreciation on all other operating property and equipment shall be charged to account group 850, "Depreciation—Ground Operating Property and Equipment."

The reserve applicable to each classification of property included in account 150, "Operating Property and Equipment," shall be recorded in the corresponding accrued depreciation account.

Account Number	*Account*
250	Accrued Depreciation—Operating Property and Equipment
2501	Accrued depreciation—Aircraft
2502	Accrued depreciation—Aircraft engines
2503	Accrued depreciation—Aircraft propellers
2504	Accrued depreciation—Aircraft radio equipment
2505	Accrued depreciation—Miscellaneous flight equipment
2506	Accrued depreciation—Flight equipment spare parts and assemblies
2511	Accrued depreciation—Passenger service equipment
2512	Accrued depreciation—Hotel, restaurant, and food service equipment
2521	Accrued depreciation—Station communication equipment
2522	Accrued depreciation—Meteorological equipment
2523	Accrued depreciation—Hangar, shop, and ramp equipment
2524	Accrued depreciation—Floats, barges and equipment
2525	Accrued depreciation—Motorized vehicles and equipment
2526	Accrued depreciation—Motorized marine equipment
2527	Accrued depreciation—Furniture, fixtures, and office equipment
2528	Accrued depreciation—Medical equipment
2529	Accrued depreciation—Engineering equipment
2531	Accrued depreciation—Airport and airway lighting equipment
2532	Accrued depreciation—Storage and distribution equipment
2533	Accrued depreciation—Miscellaneous ground equipment
2534	Accrued depreciation—Buildings and improvements on land owned
2535	Accrued depreciation—Buildings and improvements on land not owned
2536	Accrued depreciation—Improvements to leased property

260 ACCRUED DEPRECIATION—NON-OPERATING PROPERTY AND EQUIPMENT

This account shall include the accrued depreciation reserve on non-operating property and equipment.

The reserve applicable to each subaccount under account 160, "Non-Operating Property and Equipment," shall be recorded in a corresponding subaccount under this account.

This account shall be credited with the depreciation charged to account 973, "Non-Operating Property and Equipment Expenses."

262 ACCRUED AMORTIZATION—EXTENSION AND DEVELOPMENT PROJECTS

In the event the air carrier elects to capitalize a part or all of the costs of extension and development projects this account shall include the accrued amortization reserve applicable to such capitalized projects.

Accruals to this account for amortization of extension and development projects shall be charged to account 975, "Extension and Development."

The reserve applicable to each project included in account 172, "Extension and Development Projects," shall be recorded in a corresponding subaccount under this account.

BALANCE SHEET ACCOUNTS

VALUATION RESERVES

265 OTHER VALUATION RESERVES

This account shall include all valuation reserves of the air carrier not provided for in accounts 250, 260, and 262.

A reserve for inventory adjustment applicable to items of property included in account 109, "Materials and Supplies," is prohibited.

If the air carrier establishes a valuation reserve other than those provided for in accounts 250, 260, and 262, or having established such a reserve subsequently concludes that its method or rate of accumulation requires revision in the interest of accuracy, it shall submit a statement detailing the plan upon which the accumulation of the reserve is based or revised as a supplement to monthly report CAB Form 2380 for the month in which such reserve is established or revised. This statement shall set forth the necessity for the reserve, its accounting treatment, its rate of accumulation, and data clearly demonstrating that such rate will not result in excessive expense or reserve. The accounting treatment set forth in such statement shall thenceforth be used by the air carrier unless and until it is notified by the Economic Bureau of the Civil Aeronautics Board that the accounting treatment or rate of accumulation does not meet the requirements set forth herein. In such event, when directed to do so by the Economic Bureau of the Civil Aeronautics Board, the air carrier shall modify the accounting treatment and rate to meet the requirements set forth herein or discontinue the reserve and reverse the entries by which it was accumulated.

A separate subaccount shall be established for each reserve applicable to each type of asset.

BALANCE SHEET ACCOUNTS

OPERATING RESERVES

Account Number	*Account*
270	Operating Reserves
271	Reserve for aircraft overhaul
272	Reserve for aircraft engine overhaul
273	Reserve for pensions
274	Reserve for compulsory compensation
275	Other operating reserves

BALANCE SHEET ACCOUNTS

OPERATING RESERVES

271 RESERVE FOR AIRCRAFT OVERHAUL

This account shall include the reserve for major overhauls of aircraft when the air carrier elects to use such reserve and complies with the requirements contained herein.

When a reserve method is used instead of charging operating expenses with the actual cost of overhauls during the period in which such overhauls are actually made, the estimated reserve shall be based upon the air carrier's experience with each type of aircraft during a previous representative accounting period except that the rate for aircraft of a new type may be based upon parallel experience or upon such engineering or other information as may be available.

If the air carrier establishes a reserve for aircraft overhaul, or having established such a reserve subsequently concludes that its rate of accumulation requires revision in the interest of accuracy, it shall submit a statement detailing the plan upon which the accumulation of the reserve is based or revised as a supplement to monthly report CAB Form 2380 for the month in which such reserve is established or revised. This statement shall set forth the rate by which the reserve is established and maintained or revised and provide statistical data showing that the rate at which it is proposed to accumulate the reserve is fully and completely supported by the air carrier's experience, or such engineering or other information as may be available, and calculated to prevent charging excessive expense or the accumulation of excessive reserve.

The rate set forth in such statement shall thenceforth be used by the air carrier unless and until it is notified by the Economic Bureau of the Civil Aeronautics Board that the rate does not meet the requirements set forth herein. In such event and when directed to do so by the Economic Bureau of the Civil Aeronautics Board the air carrier shall modify the rate to meet the requirements set forth herein or discontinue the reserve and reverse the entries by which the reserve was accumulated.

Accruals to the reserve covering *direct* costs of major overhauls, and all adjustments thereto, shall be concurrently entered in account 402, "Aircraft Repairs—Reserve Provision," and accruals to the reserve covering *indirect* costs of major overhauls, and all adjustments thereto, shall be concurrently entered in account 422, "Aircraft Repairs—Reserve Provision."

This reserve shall be credited with the amount of overhaul reserve accompanying aircraft transferred from affiliates.

When overhauls are made this account shall be charged and appropriate liability or asset accounts shall be concurrently credited with the cost thereof and auxiliary records shall be maintained setting forth the cost of overhaul for each aircraft subdivided between (1) labor, (2) materials and outside repairs, and (3) burden.

When the reserve is first established account 292, "Unappropriated Earned Surplus," shall be charged with the accrual as of the close of the last fiscal year computed on the same basis as for the current period. The difference between (1) accrual as at the date the reserve is established, and (2) the accrual at the beginning of the current fiscal year shall be concurrently entered in the appropriate "Aircraft Repairs—Reserve Provision" accounts.

BALANCE SHEET ACCOUNTS

OPERATING RESERVES

272 RESERVE FOR AIRCRAFT ENGINE OVERHAUL

This account shall include the reserve for major overhauls of aircraft engines when the air carrier elects to use such reserve and complies with the requirements contained herein.

When the reserve method is used instead of charging operating expenses with the actual cost of overhauls during the period in which such overhauls are actually made, the estimated reserve shall be based upon the air carrier's experience with each type of engine and shall be recalculated at least annually. The rate used shall be obtained by dividing the overhaul costs of each type of engine during a previous representative accounting period by the hours flown by that type of engine during the same period, *except* that the rate for engines of a new type may be based upon parallel experience or upon such engineering or other information as may be available.

The amount set up as a reserve for each month shall be the product of hours flown by types of engines during the month multiplied by the rate per hour used for each type.

Accruals to the reserve covering *direct* costs of major overhauls, and all adjustments thereto, shall be concurrently entered in account 404, "Aircraft Engine Repairs—Reserve Provision," and accruals to the reserve covering *indirect* costs of major overhauls, and all adjustments thereto, shall be concurrently entered in account 424, "Aircraft Engine Repairs—Reserve Provision."

This reserve shall be credited with the amount of overhaul reserve accompanying aircraft engines transferred from affiliates.

When overhauls are made this account shall be charged and appropriate liability or asset account shall be concurrently credited with the cost thereof and auxiliary records shall be maintained setting forth the cost of overhaul for each aircraft engine subdivided between (1) labor, (2) materials and outside repairs, and (3) burden. At the close of each monthly accounting period the hours flown since last overhaul by engines of each type, excluding engines retired during the period, shall be ascertained and multiplied by the currently used rate per hour and the balance in the reserve account shall be adjusted to the amount thus obtained.

When the reserve is first established account 292, "Unappropriated Earned Surplus," shall be charged with the accrual as of the close of the last fiscal year computed on the same basis as for the current period. The difference between (1) accrual as at the date the reserve is established, and (2) the accrual at the beginning of the current fiscal year shall be concurrently entered in the appropriate, "Aircraft Engine Repairs—Reserve Provision," accounts.

Air carriers using a reserve at the date these instructions become effective shall adjust the amounts thereof to the amount obtained by applying the rate per hour, established for the current period in accordance with the foregoing instructions, to the hours flown since last overhaul. The difference between the amount thus obtained and the unadjusted balance in the reserve account shall be cleared to account 292, "Unappropriated Earned Surplus."

The work papers governing all adjustments in this account shall be preserved for examination by representatives of the Civil Aeronautics Board upon request.

BALANCE SHEET ACCOUNTS

OPERATING RESERVES

273 RESERVE FOR PENSIONS

This amount shall include the reserve for pensions which has been created by employees' contributions and by the air carrier's contributions from current income or by appropriations of earned surplus, when the pension plan is administered by the air carrier. Funds created in connection with pension plans shall be carried in account 135, "Other Special Funds." The air carrier's contributions to this reserve from current income shall be charged to account 838, "Pensions and Welfare," and contributions by appropriations of earned surplus shall be charged to account 292, "Unappropriated Earned Surplus." Payments made to retired employees out of the funded reserve thus created shall be charged to this account and credited to account135, "Other Special Funds."

Reserve for pensions administered by the air carrier in accordance with the labor laws of various countries in which the air carrier operates shall also be included in this account.

When a pension fund is administered by a trustee or administrator, employees' contributions, together with the air carrier's contributions, shall be credited to the appropriate account under current liabilities pending the transfer of funds to the trustee or administrator.

The air carrier shall maintain complete records of the computations of accruals of its pension liabilities and inform the Civil Aeronautics Board of the details of its pension plan, giving a full statement of the facts thereof together with the actuarial formula, if any, under which it has created or proposes to create its pension fund, and shall furnish a copy of the declaration of trust or resolutions under which the pension plan is established.

274 RESERVE FOR COMPULSORY COMPENSATION

This account shall include the reserve for compensation payable to employees, upon separation from the services of the air carrier, in accordance with the labor laws of various countries in which the air carrier operates.

The air carrier's contribution to this reserve from current income shall be charged to "Employees' Compulsory Compensation" accounts under appropriate expense group.

This account shall not include allowances for penalty or indemnity payments to governmental agencies or to employees for dismissal of employees from the services of the air carrier without notice or without due cause. Such disbursements shall be charged against "Employees' Compulsory Compensation" accounts under appropriate expense groups during the accounting period the costs are incurred.

The rates of accruals to this reserve shall be based upon prevailing governmental statutes, but the balance in the reserve account shall not exceed the amounts accrued to date and due personnel in the event of separation from the services of the air carrier.

Adjustments to the reserve accruals shall be concurrently charged or credited to appropriate "Employees' Compulsory Compensation" accounts.

The air carrier shall maintain complete records of the computations of accruals for its separation compensation liabilities and inform the Civil Aeronautics Board of the details of its reserve plan, giving a full statement of the facts thereof together with the rates of separation compensation prescribed under the statutes of the various countries in which the carrier operates.

275 OTHER OPERATING RESERVES

This account shall include all operating reserves of the air carrier not provided for in accounts 271, 272, 273, and 274.

If the air carrier establishes an operating reserve other than those provided for in accounts 271, 272, 273, and 274, or having established such a reserve subsequently concludes that its accounting treatment or rate of accumulation requires revision in the interest of accuracy, it shall submit a statement detailing the plan upon which the accumulation of the reserve is based or revised as a supplement to monthly report CAB Form 2380 for the month in which such reserve is established or revised. This statement shall set forth the accounting treatment and rate by which the reserve is established and maintained or revised and provide statistical data showing that the rate at which it is proposed to accumulate the reserve is fully and completely supported by the air carrier's experience and calculated to prevent charging excessive expense or the accumulation of excessive reserve.

The accounting treatment and rate set forth in such statement shall thenceforth be used by the air carrier unless and until it is notified by the Economic Bureau of the Civil Aeronautics Board that the accounting treatment or the rate does not meet the requirements set forth herein. In such event and when directed to do so by the Economic Bureau of the Civil Aeronautics Board the air carrier shall modify the accounting treatment and rate to meet the requirements set forth herein or discontinue the reserve and reverse the entries by which the reserve was accumulated.

Separate subaccounts shall be established and maintained for each type of reserve included herein.

BALANCE SHEET ACCOUNTS

CAPITAL STOCK

Account Number	*Account*
280	Capital Stock
281	Preferred stock issued
282	Common stock issued
283	Treasury stock
284	Capital stock subscribed and unissued

BALANCE SHEET ACCOUNTS

CAPITAL STOCK

INSTRUCTIONS

1. *Definitions.* "Premium" is defined as the excess of the actual cash value of the consideration received for capital stock over the par value of such stock.

"Discount" is defined as the excess of the par value of capital stock over the actual cash value of the consideration received for such stock.

"Capital stock expense" is defined as all expenses incurred in connection with original issues of capital stock.

"Assessment" is defined as levies by the corporation upon the stockholders of record in excess of the par value of their respective holdings; or, in the case of no par value capital stock, upon the number of shares held.

"Treasury stock" is defined as capital stock which has been originally issued and subsequently reacquired through donation or purchase and held pending disposition.

2. *Separate ledger accounts* shall be maintained for each class of capital stock and also for each issue of the same class if the terms of the issue are in any way different. The characteristics of each class of stock shall be designated in the title of the account.

3. *Par value capital stock* shall be recorded in the accounts at the amount the corporation has designated, in accordance with the statutes, as the par value of the stock. Premium or assessments on such stock shall be credited to account 291, "Capital Surplus," and discount on such stock shall be recorded in account 174, "Other Deferred Charges."

4. The actual money value of the consideration received for *no par value capital stock issued* shall be recorded in the capital stock accounts unless different treatment is required by the statutes of the jurisdiction under which the corporate charter was issued. If a stated value or minimum value is recorded in the capital stock accounts then premiums over and above the stated value may be carried in account 291, "Capital Surplus," and discounts, if any, may be carried in account 174, "Other Deferred Charges."

5. *Expenses* in connection with original issues of capital stock shall be charged to account 174, "Other Deferred Charges."

6. *Capital stock reacquired.* Upon the reacquirement of par value capital stock, or of no par value capital stock entered in the accounts at stated value, appropriate adjustments shall be made when necessary in account 174, "Other Deferred Charges," and the differences between such adjustments and premium or discount upon reacquirement shall be charged or credited to account 291, "Capital Surplus," to the extent of the balance in the capital surplus account excluding any amount arising from the revaluation of assets; unappropriated earned surplus shall be charged with premium in excess of the amount available in the capital surplus account.

Reacquired no par value capital stock without stated value shall be entered in the accounts at cost *except* that in no case shall the balance in the accounts in which such stock is recorded be reduced below the aggregate minimum value required by the statutes of the jurisdiction under which the corporate charter was issued.

When capital stock is reacquired for cancelation or retirement the value thereof shall be charged to the appropriate capital stock account. When held as treasury stock the value thereof shall be charged to account 283, "Treasury Stock." The values of reacquired capital stock shall be entered in the accounts in accordance with the foregoing instructions.

7. In no case shall discount on capital stock be charged to or included in any account as a part of the cost of acquiring any property, tangible or intangible, or as a part of the cost of operation.

281 PREFERRED STOCK ISSUED

This account shall include the par value of the preferred capital stock issued. It shall also include the consideration actually received for no par value preferred capital stock issued, unless different treatment is required by the statutes of the jurisdiction under which the corporation exists. If a stated value is recorded in this account, the premiums over and above the stated value or par value shall be carried in account 291, "Capital Surplus," and discounts, if any, shall be carried in account 174, "Other Deferred Charges."

Following the title of this account on the books of the air carrier a memorandum shall be inserted indicating the authorized number of shares and the par value or the stated value, if any, of each share.

Appropriate memoranda shall also be maintained indicating the number of unissued shares reserved for any purpose.

282 COMMON STOCK ISSUED

This account shall include the par value of the common capital stock issued. It shall also include the consideration actually received for no par value common capital stock issued, unless different treatment is required by the statutes of the jurisdiction under which the corporation exists. If a stated value is recorded in this account, the premiums over and above the stated value, or par value, shall be carried in account 291, "Capital Surplus," and discounts, if any, shall be carried in account 174, "Other Deferred Charges."

Following the title of this account on the books of the air carrier a memorandum shall be inserted indicating the authorized number of shares and the par value or stated value, if any, of each share.

Appropriate memoranda shall also be maintained indicating the number of unissued shares reserved for any purpose.

283 TREASURY STOCK

This account shall include the value of capital stock of the air carrier reacquired through purchase or donation and held as treasury stock. The values entered in this account shall be in accordance with the instructions in paragraph 6, Capital Stock Reacquired, pertaining to account 280, "Capital Stock."

Separate subaccounts shall be established to record the amount of each class of treasury stock carried in this account.

BALANCE SHEET ACCOUNTS

CAPITAL STOCK

284 CAPITAL STOCK SUBSCRIBED AND UNISSUED

This account shall include the amount of legally enforceable subscriptions to the capital stock of the air carrier. It shall be credited with the par value or stated value, or with the subscription price in the case of stock without par or stated value. Concurrently, account 112, "Other Current and Accrued Assets," shall be charged with the sale price.

Discount, if any, shall be charged to account 174, "Other Deferred Charges"; premium, if any, shall be credited to account 291, "Capital Surplus."

When properly executed stock certificates have been issued representing the shares subscribed, this account shall be charged and the appropriate capital stock account credited.

Separate subaccounts shall be established to record the amount of each class of capital stock subscriptions carried in this account.

BALANCE SHEET ACCOUNTS

SURPLUS

Account Number	*Account*
290	Surplus
291	Capital surplus
292	Unappropriated earned surplus
293	Reserve for uninsured losses
294	Other surplus reserves

BALANCE SHEET ACCOUNTS

SURPLUS

291 CAPITAL SURPLUS

This account shall include all surplus which cannot be classified properly as earned surplus. It shall include profit from sale of reacquired capital stock, surplus arising from the reacquisition of capital stock, from donations by stockholders of the air carrier's capital stock, and surplus resulting from reorganization or recapitalization.

This account shall include premium and assessments on capital stock with the exception of those classes of capital stock carried in the capital stock accounts at the actual amount received therefor.

This account shall be charged with capital stock discount and capital stock expense written off from account 174, "Other Deferred Charges" to the extent of the credit balance remaining in this account after eliminating any amounts arising from the revaluation of assets. Balances written off in excess of the available balance in this account shall be charged to account 292, "Unappropriated Earned Surplus."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature of each entry herein.

292 UNAPPROPRIATED EARNED SURPLUS

This account shall include the balance of unappropriated earned surplus *except* that profit and loss for the current fiscal year shall not be closed into this account until the close of the fiscal year.

Revenue, expense, or income items not included in the accounts for the period to which they apply shall be included in the appropriate accounts in the same manner as similar current items *except* when the amounts are relatively so large that inclusion would result in a seriously abnormal statement for the full fiscal year. In such instances the air carrier may enter the items in this account subject to subsequent review by the Civil Aeronautics Board of the propriety of the entries, *except* when specific instructions in an account prohibit such treatment.

This account shall be charged with dividends declared on outstanding capital stock and liability shall be established in account 205, "Dividends Declared," as at the date such dividends are declared. This account shall not be charged with dividends on treasury stock but may include dividends on capital stock of the air carrier held in special funds not under the control of the air carrier. If a dividend is not payable in cash the values entered in this account shall be described completely.

In the event the accounting carrier is one of several separately operated divisions within a single corporate entity, for which separate records and books of account are maintained, this account shall include the accounting carrier's undistributed net earnings *except* that profit and loss for the current fiscal year shall not be closed into this account until the close of the fiscal year.

This account shall be charged with the value of all assets transferred to the central office covering net earning of the accounting carrier.

293 RESERVE FOR UNINSURED LOSSES

This account shall include the reserve for uninsured losses when the air carrier has complied with the requirements hereinafter stipulated governing the use of such reserves.

Prior to the creation of a reserve for uninsured losses by charges to operating expenses, the air carrier shall submit to the Civil Aeronautics Board a plan in respect thereto setting forth the rates at which the reserve is to be accumulated and the level at which it will cease to be accumulated. As a part of the proposed plan the air carrier shall submit to the Civil Aeronautics Board such actuarial and other statistical data as it may consider necessary to support fully the rates and limitations on reserves set forth in the plan and such additional data as the Civil Aeronautics Board may thereafter require. The burden of providing data to support adequately the proposed plan shall rest upon the air carrier. However, this reserve shall not be created or accumulated by charges to expense for anticipated losses which from their nature cannot be of sufficient magnitude to distort seriously the usual and expected operating expenses of the air carrier or impose upon it unpredictable and heavy financial burdens; nor shall such reserves be created by charges to expense to cover injury or damage to persons or property of others which might well be larger than the air carrier's ability to pay. This reserve shall not be created by charges to expense during any accounting period at rates greater than the probability of average loss during such period as established by the past experience of the air carrier and the past experience of other scheduled air carriers.

No reserve for uninsured losses shall be entered on the books or reports of the air carrier until notified by the Civil Aeronautics Board that the air carrier's plan and supporting data conform to the requirements set forth herein. After such notification and establishment of the reserve the air carrier may not depart from nor discontinue maintenance of the approved plan except after submission to the Civil Aeronautics Board of appropriately supported proposals and receipt of approval from the Civil Aeronautics Board.

All credit balances in this account are in the nature of appropriated earned surplus and to the extent that such reserves are created by charges to unappropriated earned surplus no restrictions are imposed.

Accruals to this reserve covering damage to flight equipment and any adjustments thereto shall be entered concurrently in account 364, "Damage to Flight Equipment—Reserve Provision." Accruals to the reserve and any adjustments thereto for any other purpose shall be concurrently entered in "Uninsured Losses—Reserve Provision" accounts under appropriate operating expense groups. Uninsured losses actually sustained shall be charged to the reserve for uninsured losses.

Reserves for different types of uninsured losses shall not continue to be accumulated beyond the predetermined level and shall not be merged in a single account. A separate subaccount shall be established for each type of reserve which will be confined to a particular class of loss.

BALANCE SHEET ACCOUNTS

SURPLUS

294 OTHER SURPLUS RESERVES

This account shall include all surplus reserves other than account 293, "Reserve for Uninsured Losses."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the nature and purpose of each reserve entered herein.

OPERATING REVENUE ACCOUNTS

TRANSPORTATION

Account Number	*Account*
300	Transportation Revenue
301	Passenger
302	Mail
303	Express and freight
304	Excess baggage
305	Charter and special
306	Other transportation

OPERATING REVENUE ACCOUNTS

TRANSPORTATION

:301 PASSENGER

This account shall include the net revenue from the transportation of passengers on regular flights and additional section flights over scheduled routes and revenue from airport and taxi flights. It shall not include the estimated value of passenger tickets sold and not used or refunded; the value of such tickets shall be carried in account 231, "Unearned Transportation Revenue."

This account shall be credited with (*a*) revenue upon the basis of published tariffs, air travel plan contracts, excursions, and other special fares; (*b*) revenue from berth, compartment, or other special accommodations furnished on the basis of fares or contracts for space occupied; (*c*) revenue from unscheduled stops on scheduled flights.

Unclaimed credits cleared from accounts 203, "Airline Traffic Accounts Payable," and 231, "Unearned Transportation Revenue," shall be credited to this account.

The account shall not be charged with payments made for ground transportation, special adjustments of fares, or other expenses connected with passenger handling or interrupted trips. Such expenses shall be charged to appropriate accounts in the "Passenger Service" group of accounts.

302 MAIL

This account shall include revenue accrued from the transportation of mail at established rates over specified routes and from the use of special postal facilities in aircraft. It shall also include revenue accrued for truck hauls of air mail occasioned by adverse weather or other conditions over which the air carrier has no control. This account shall be charged currently with fines and penalties imposed by governmental authority and shall be adjusted currently for revenue disallowed and for revenue not billed but allowed by the United States Post Office Department.

Appropriate subaccounts shall be established for mail revenue accrued from the United States Government and from foreign governments.

303 EXPRESS AND FREIGHT

This account shall include the revenue accrued from the transportation of express and freight on the basis of tariffs, special contracts, or other rates and charges.

When the amount of revenues cannot be determined at the close of current periods, the accruals to this account shall be estimated as accurately as possible based upon the latest experience of the air carrier. Adjustments of such estimates shall be made in the accounting period in which settlement are received.

304 EXCESS BAGGAGE

This account shall include the revenue received from the transportation of baggage exceeding the fixed free weight allowance on the basis of published excess baggage tariff rates or charges. This account shall be charged with refunds occasioned by canceled trips, etc., and refunds resulting from overcharges and erroneous application of rates.

Adjustments resulting from loss, damage, and mishandling baggage shall not be charged to this account but to account 677, "Injuries, Loss and Damage."

Collections made for excess baggage over other air carriers' routes shall be credited to account 203, "Airline Traffic Accounts Payable." Collections made for excess baggage over affiliated air carriers' routes shall be credited to account 202, "Accounts Payable."

305 CHARTER AND SPECIAL

This account shall include the revenue from passenger, freight, and express charter and special flights.

This account shall not include revenue from regularly scheduled flights or extra sections relating thereto.

OPERATING REVENUE ACCOUNTS

TRANSPORTATION

306 OTHER TRANSPORTATION

This account shall include all miscellaneous transportation revenues of the air carrier not provided for in accounts 301 to 305, inclusive, or in the revenues of separately operated divisions.

It shall be credited with the revenue from air services of special types such as aerial photography and advertising flights and the revenue from service charges collected on non-revenue transportation.

It shall also include the revenue from transportation by aircraft of packages, newspapers, live animals, etc., if such articles are not classified as express, freight, or excess baggage.

OPERATING REVENUE ACCOUNTS

INCIDENTAL REVENUES

Account Number	*Account*
320	Incidental Revenues
321	Hotel, restaurant, and food service—Net
322	Service sales—Net
323	Rental from operating property—Net
324	Limousine service—Net
325	Joint facilities rental—Credit
326	Affiliated companies and interdivisional revenues
327	Outside commissions
328	Other incidental revenues—Net

OPERATING REVENUE ACCOUNTS

INCIDENTAL REVENUES

321 HOTEL, RESTAURANT, AND FOOD SERVICE—NET

This account shall include the accrued revenue and all direct expenses in connection with hotels, restaurants, lunch service, etc., operated by the air carrier. It shall also include revenue from refreshments, confections, tobacco, printed matter, etc., sold in connection with such hotels, restaurants, and lunch service.

It shall also include all direct expenses in connection with kitchens used for preparation of food for passengers and flight crews. It shall be credited with revenue from this source, if any, and with the estimated cost of lodgings and of food prepared and served without charge to passengers and flight crews.

The estimated cost of food prepared and served without charge to passengers shall be charged to account 689, "Food Expense—Company Restaurants," and the estimated cost of company hotel services furnished passengers without charge shall be entered in account 690, "Company Hotels Expense." The estimated cost of company hotel services and of food prepared and served without charge to flight crews, *except* pursers, stewards, and stewardesses shall be charged to account 357, "Flight Crew Supplies and Expenses," and the cost of such services supplied pursers, stewards, and stewardesses shall be charged to account 664, "Travel and Incidental Expenses."

Direct expenses include salaries, rents, fuel, supplies, food, license fees, laundry, stationery, printing, lighting, insurance, and all other direct expenses of operating hotels, restaurants, lunch service, and kitchens, and the cost of repairs and maintenance of all types and classes included in account 1512, "Hotel, Restaurant, and Food Service Equipment."

Depreciation shall be charged to the appropriate accounts within the depreciation expense group, and general taxes shall be charged to account 837, "General Taxes."

Appropriate subaccounts shall be established and the revenues and expenses shall be subdivided in such manner as to afford complete information relating to the operation of each service unit.

322 SERVICE SALES—NET

This account shall include the accrued revenue and all direct expenses in connection with the sale of supplies, parts, and repair service to other than affiliated companies and divisions.

This account shall be credited with revenue from overhaul, repair and maintenance service to aircraft, aircraft engines, and motor vehicles; parts, materials and supplies, gasoline, oil, greases and compounds; rental either on a transient or other basis for storage space in hangars for aircraft or other motorized equipment.

The accumulated charges covering jobs in process for other than affiliates shall be carried in account 112, "Other Current and Accrued Assets," until such jobs are completed. Upon completion the amount thereof together with the amount received or receivable for the job shall be transferred to this account.

This account shall be charged with all costs including labor, material, burden, gasoline, oil and non-refundable taxes thereon; greases and compounds, etc.

This account shall include income from other than affiliated air carriers for services and the use of facilities furnished in connection with line operations when the agreed price exceeds the estimated cost. If the agreed price does not exceed the estimated cost, the expense accounts may be credited directly.

Depreciation shall be charged to the appropriate accounts within the depreciation expense group. Social Security taxes shall be charged to account 836, "Social Security Taxes," and general taxes shall be charged to account 837, "General Taxes."

Appropriate subaccounts shall be established and the revenues and expenses shall be subdivided in such manner as to afford complete information relating to each type of service.

323 RENTAL FROM OPERATING PROPERTY—NET

This account shall include the accrued revenue and all direct expenses in connection with the rental of operating property and equipment to others. When stipulated rentals are based upon or provide for additions, such as accrued overhaul and accrued depreciation, the full amount of such rentals shall be included in this account.

This account shall be credited with accrued rental from the use by others of all classes of operating property and equipment, including aircraft, engines, miscellaneous flight equipment, etc., owned by the air carrier. It shall also include rentals received from all classes of operating property and equipment leased or rented by the air carrier and subrented to others.

Overhauls made by the air carrier of its own flight equipment shall not be charged to this account but to appropriate accounts within the flight equipment maintenance expense groups.

Depreciation shall be charged to the appropriate accounts within the depreciation expense group.

Rentals received from property used by affiliates shall be credited to account 326, "Affiliated Companies and Interdivisional Revenues." Rentals received under joint facilities agreements shall be included in account 325, "Joint Facilities Rental—Credit."

Rentals received from property included in account 160, "Non-Operating Property and Equipment," shall not be credited to this account but to account 955, "Non-Operating Property and Equipment Income."

Subaccounts shall be established to show the total revenues from rental of property and equipment, the expenses applicable thereto, and the resulting gain or loss.

324 LIMOUSINE SERVICE—NET

This account shall include the accrued revenue and all direct expenses in connection with limousine service operated by the air carrier for the transportation of passengers and baggage to and from airports.

This account shall be credited with all revenues arising from this source and shall be charged with all direct costs including salaries, wages, compensation insurance, and expenses of drivers; operating and maintenance costs of the limousines, including all repairs and overhauls, gasoline, oil, insurance, license fees, etc.

Depreciation on limousines owned by the air carrier shall be charged to account 8525, "Depreciation—Motorized Vehicles and Equipment," Social Security taxes shall be charged to account 836, "Social Security Taxes," and other general taxes shall be charged to account 837, "General Taxes."

Appropriate subaccounts shall be established and the revenues and expenses shall be subdivided in such manner as to afford complete information relating to the operation of limousines at each station on the air carrier's routes.

325 JOINT FACILITIES RENTAL—CREDIT

This account shall include amounts accrued for rental of airports, hangars, or other facilities owned or controlled by the air carrier and used jointly with other companies.

This account shall also include amounts accrued as a return on the investment in facilities owned and controlled by the air carrier and used jointly with other companies.

326 AFFILIATED COMPANIES AND INTERDIVISIONAL REVENUES

This account shall include commissions earned from the sale of tickets, exchange, and other transportation orders over routes of affiliated companies and divisions.

This account shall also include the excess of all other fees charged affiliated companies over costs incurred by the carrier in connection with services performed for such affiliated companies, *except* rent or interest charged affiliated companies and divisions for joint use of facilities operated by the air carrier which should be credited to account 325, "Joint Facilities Rental—Credit."

Commissions paid affiliated companies and divisions for the sale of transportation over the air carriers' routes shall not be charged to this account but to account 738, "Commissions—Affiliated Companies and Divisions."

This account shall be kept with sufficient particularity to reveal clearly the nature, purpose, and amount of each type or class of revenue.

327 OUTSIDE COMMISSIONS

This account shall include commissions earned from other than affiliated companies and divisions, covering sale of tickets, exchange, and transportation orders, and miscellaneous commissions.

Commissions earned by the air carrier on the sale of tickets, exchange, and transportation orders for affiliated companies and divisions shall not be credited to this account but to account 326, "Affiliated Companies and Interdivisional Revenues."

OPERATING REVENUE ACCOUNTS

INCIDENTAL REVENUES

328. OTHER INCIDENTAL REVENUES—NET

This account shall include all other incidental income of the air carrier not provided for in accounts 321 to 327, inclusive, such as occasional flight and link trainer instruction, mail messenger service, parcel rooms and storage, and fines assessed against employees. This account shall be charged with all direct expenses incurred in connection with revenues included in this account.

It shall also include the income from vending and other automatic machines, newsstands, and telephone pay stations when not included in account 321, "Hotel, Restaurant, and Food Service—Net."

Revenues earned from affiliated companies shall not be included in this account but in account 326, "Affiliated Companies and Interdivisional Revenues."

Appropriate subaccounts shall be established and the revenues and expenses shall be subdivided in such manner as to afford complete information relating to each type of income.

OPERATING EXPENSE ACCOUNTS

FLYING OPERATIONS

Account Number	*Account*
350	Flying Operations
351	Captains and senior pilots
352	First officers and co-pilots
353	Engineering officers and flight mechanics
354	Navigation officers
355	Fight communication officers
356	Junior flight personnel
357	Flight crew supplies and expenses
358	Aircraft engine fuels
359	Aircraft engine fuel taxes
360	Aircraft engine oils
361	Aircraft engine oil taxes
362	Rents of flight equipment
363	Damage to flight equipment—Insurance
364	Damage to flight equipment—Reserve provision
365	Damage to flight equipment—Expenses
366	Other insurance—Flight equipment
367	Other injuries, loss, and damage
368	Employees' compensation and other insurance
369	Employees' compulsory compensation
370	Social Security taxes
371	Clearance of aircraft
372	Other flying operations expenses

OPERATING REVENUE ACCOUNTS

INCIDENTAL REVENUES

328. OTHER INCIDENTAL REVENUES—NET

This account shall include all other incidental income of the air carrier not provided for in accounts 321 to 327, inclusive, such as occasional flight and link trainer instruction, mail messenger service, parcel rooms and storage, and fines assessed against employees. This account shall be charged with all direct expenses incurred in connection with revenues included in this account.

It shall also include the income from vending and other automatic machines, newsstands, and telephone pay stations when not included in account 321, "Hotel, Restaurant, and Food Service—Net."

Revenues earned from affiliated companies shall not be included in this account but in account 326, "Affiliated Companies and Interdivisional Revenues."

Appropriate subaccounts shall be established and the revenues and expenses shall be subdivided in such manner as to afford complete information relating to each type of income.

OPERATING EXPENSE ACCOUNTS

FLYING OPERATIONS

Account Number	*Account*
350	Flying Operations
351	Captains and senior pilots
352	First officers and co-pilots
353	Engineering officers and flight mechanics
354	Navigation officers
355	Fight communication officers
356	Junior flight personnel
357	Flight crew supplies and expenses
358	Aircraft engine fuels
359	Aircraft engine fuel taxes
360	Aircraft engine oils
361	Aircraft engine oil taxes
362	Rents of flight equipment
363	Damage to flight equipment—Insurance
364	Damage to flight equipment—Reserve provision
365	Damage to flight equipment—Expenses
366	Other insurance—Flight equipment
367	Other injuries, loss, and damage
368	Employees' compensation and other insurance
369	Employees' compulsory compensation
370	Social Security taxes
371	Clearance of aircraft
372	Other flying operations expenses

OPERATING EXPENSE ACCOUNTS

FLYING OPERATIONS

351 CAPTAINS AND SENIOR PILOTS

This account shall include the pay, properly chargeable to this account, of captains and senior pilots engaged in flying operations including test, inspection, ferry, and other flights; and chief pilots, assistant chief pilots, test pilots, and check pilots whose principal duties are flying aircraft.

The pay of chief pilots, assistant chief pilots, test pilots, and check pilots whose principal duties are of a supervisory nature, shall be charged to account 501, "Superintendence—General," or account 502, "Superintendence—Assistants."

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

352 FIRST OFFICERS AND CO-PILOTS

This account shall include the pay, properly chargeable to this account, of first officers, second officers, and co-pilots engaged in flying operations including test, inspection, ferry, and other flights; and first officers or second officers in training, reserve captains acting as first officers or second officers, the flight pay of other reserve personnel acting as first officers or second officers, and pilot-training instructors.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

353 ENGINEERING OFFICERS AND FLIGHT MECHANICS

This account shall include the pay, properly chargable to this account, of engineering officers and flight mechanics engaged in flying operations including test, inspection, ferry, and other flights.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

354 NAVIGATION OFFICERS

This account shall include the pay, properly chargeable to this account, of navigation officers engaged in determining the position or course of aircraft in flying operations including test, inspection, ferry, and other flights.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

355 FLIGHT COMMUNICATION OFFICERS

This account shall include the pay, properly chargeable to this account, of flight radio officers, flight radio operators, and reserve or other flight personnel engaged in receiving or dispatching messages in connection with flying operations including test, inspection, ferry, and other flights.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

356 JUNIOR FLIGHT PERSONNEL

This account shall include the pay, properly chargeable to this account, of junior flight officers and junior pilots engaged in flying operations including test, inspection, ferry, and other flights.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

This account shall not include the pay of pursers, stewards, and stewardesses which shall be charged to account 660, "Pursers, Stewards, and Stewardesses." It shall not include the salaries or wages of ground personnel when engaged in test or other special flight duties.

357 FLIGHT CREW SUPPLIES AND EXPENSES

This account shall include the allowable expenses of flight officers and crews, *except* pursers, stewards, and stewardesses, in regular flight status, and the cost of expendable items of supplies issued for their use, properly chargeable to flying operations including test, inspection, ferry, and other flights. This account shall include expenses such as rents of flight crew quarters, expenses while away from home base, moving expenses, flight crew expenses due to interrupted trips, etc.

Item List

Aviation and railway guides
Business cards
Calculators
Charts—including radio range charts
Cleaning uniforms
Computers
Coveralls
Emblems or insignia
Flashlights and batteries
Handbags
Hotel expense
Interrupted trips expenses of flight crews
Laundry
Maps
Meals
Motorized vehicles rents
Name plates
Passport expenses
Physical examinations
Protractors
Room rent
Stationery and printing
Taxicab expenses
Telephone and telegraph expenses
Travel fares
Transfer and moving expenses
Uniforms and braid
Wallets

358 AIRCRAFT ENGINE FUELS

This account shall include the cost of aircraft engine fuels and fuel mixing compounds used in flying operations, *except* non-refundable Federal and State aircraft engine fuel taxes which shall be charged to account 359, "Aircraft Engine Fuel Taxes."

All charges to this account shall be transferred from account 110, "Motor Fuels," with the exception of deliveries directly to aircraft which may be charged directly to this account. The cost of aircraft engine fuels shall include the cost of gasoline and fuel mixing compounds, demurrage, freight and siding charges, lighterage, local taxes, inspection fees, sales and use taxes, customs duties, cost of return of empty drums, service charges, etc.

Adjustments shall be made in this account for overages and shortages in aircraft engine fuel inventories.

The cost of labor in handling fuel and in refueling aircraft when performed by the air carrier's employees shall be charged to account 509, "Service Employees"; and when performed by others to account 537, "Servicing Supplies and Expenses."

359 AIRCRAFT ENGINE FUEL TAXES

This account shall include non-refundable Federal and State aircraft engine fuel taxes applicable to aircraft engine fuels used in flying operations. All charges to this account shall be transferred from account 110, "Motor Fuels," with the exception of such taxes applicable to deliveries directly to aircraft which may be charged directly to this account.

State or local sales and use taxes on aircraft engine fuels shall be included in the cost of engine fuels and charged to account 358, "Aircraft Engine Fuels."

In the event the air carrier is unable to segregate definitely Federal and State engine fuel taxes from customs duties and delivery costs, such taxes may be charged to account 358, "Aircraft Engine Fuels."

Refundable fuel taxes shall not be charged to this account but to account 104, "Accounts Receivable."

360 AIRCRAFT ENGINE OILS

This account shall include the cost of aircraft engine oils used in flying operations *except* non-refundable Federal and State aircraft engine oil taxes which shall be charged to account 361, "Aircraft Engine Oil Taxes."

All charges to this account shall be transferred from account 111, "Lubricating Oils," with the exception of deliveries directly to aircraft which may be charged directly to this account. The cost of aircraft engine oils shall include the cost of oil, freight, lighterage, sales and use taxes, customs duties, cost of return of empty drums, inspection fees, etc.

Adjustments shall be made in this account for overages and shortages in aircraft engine oil inventories.

The cost of labor in handling aircraft engine oils when performed by the air carrier's employees shall be charged to account 509, "Service Employees"; and when performed by others to account 537, "Servicing Supplies and Expenses."

361 AIRCRAFT ENGINE OIL TAXES

This account shall include non-refundable Federal and State aircraft engine oil taxes applicable to aircraft engine oils used in flying operations. All charges to this account shall be transferred from account 111, "Lubricating Oils," with the exception of such taxes applicable to deliveries directly to aircraft which may be charged directly to this account.

State or local sales and use taxes on aircraft engine oils shall be included in the cost and charged to account 360, "Aircraft Engine Oils."

In the event the air carrier is unable to segregate definitely Federal and state engine oil taxes from customs duties and delivery costs, such taxes may be charged to account 360, "Aircraft Engine Oils."

Refundable aircraft engine oil taxes shall not be charged to this account but to account 104, "Accounts Receivable."

362 RENTS OF FLIGHT EQUIPMENT

This account shall include rents currently accrued or paid to others for use of flying equipment such as aircraft, engines, radio, instruments, and miscellaneous flying equipment, when used in the flying operations of the air carrier. When flight crews are furnished with rented aircraft, their pay and expenses shall be included in this account if included in the rental charge.

When rented flying equipment is leased to a third party the rent expense and rental income shall be carried in account 323, "Rental from Operating Property—Net."

When rented flying equipment is leased to an affiliate the rent expense and rental income shall be carried in account 326, "Affiliated Companies and Interdivisional Revenues."

This account shall not include the cost of maintenance and repairs made by the air carrier to rented flying equipment. Such costs shall be charged to the appropriate flight equipment maintenance accounts when the rented equipment is used in flying operations; to account 323, "Rental from Operating Property—Net," when rented to a third party; and to account 326, "Affiliated Companies and Interdivisional Revenues," when rented to an affiliate.

363 DAMAGE TO FLIGHT EQUIPMENT—INSURANCE

This account shall include the cost of insurance, applicable to the accounting period and properly chargeable to flying operations, covering accidental damage to aircraft, engines, radio, propellers, instruments, appurtenances, and fittings.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

364 DAMAGE TO FLIGHT EQUIPMENT—RESERVE PROVISION

When the air carrier has complied with the requirements governing the use of a reserve for uninsured losses as set forth in account 293, "Reserve for Uninsured Losses," this account shall be charged with accruals to the reserve covering damage to flight equipment. Adjustments of the accruals to the reserve account also shall be charged or credited concurrently to this account.

No entries other than those specified in the preceding paragraph shall be made in this account.

365 DAMAGE TO FLIGHT EQUIPMENT—EXPENSES

This account shall be charged with expenses resulting from damage to aircraft, aircraft engines, propellers, radio, instruments, appurtenances, and fittings when such damage is not covered by insurance or for which a reserve provision has not been made.

Charges to this account shall be cleared from account 174, "Other Deferred Charges."

366 OTHER INSURANCE—FLIGHT EQUIPMENT

This account shall include the cost, applicable to the accounting period and properly chargeable to flying operations, of fire, theft, windstorm, public liability, and property damage insurance, covering aircraft, engines, radio, propellers, instruments, appurtenances, and fittings.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

367 OTHER INJURIES, LOSS, AND DAMAGE

This account shall include the remainder of losses, excluding expense chargeable to account 365, "Damage to Flight Equipment—Expenses," resulting from accidents or casualties properly chargeable to flying operations expenses.

Charges to this account shall be cleared from account 174, "Other Deferred Charges," *except* that this account shall be charged directly with expenses resulting from minor accidents when such expenses are not treated as ordinary repairs and for which no suspense account has been established.

When the air carrier has complied with the requirements governing the use of a reserve for uninsured losses as set forth in account 293, "Reserve for Uninsured Losses," this account shall be charged with accruals to the reserve for any purpose other than to cover damage to flight equipment when such accruals are properly chargeable to flying operations. Adjustments of the accruals to the reserve account shall be charged or credited concurrently to this account.

Pensions paid employees on account of injuries sustained in line of duty shall be charged to account 838, "Pensions and Welfare."

368 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life, and accident insurance covering flight personnel engaged in flying operations, *except* pursers, stewards, and stewardesses, when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of life insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 979, "Other Deductions from Gross Income."

The cost of compensation, life, and accident insurance covering pursers, stewards, and stewardesses shall be charged to account 673, "Employees' Compensation and Other Insurance."

The cost of employees' group insurance and insurance against non-occupational disability shall be charged to account 838, "Pensions and Welfare."

369 EMPLOYEES' COMPULSORY COMPENSATION

This account shall include the cost, applicable to the accounting period and properly chargeable to flying operations, of payments to employees, upon separation from the services of the air carrier, in accordance with the labor laws of various countries in which the air carrier operates.

In the event the air carrier elects to use a reserve for compulsory compensation, as outlined in account 274, "Reserve for Compulsory Compensation," this account shall be charged with the accruals to such reserve when the charges are properly included in flying operations.

Penalty or indemnity payments to governmental agencies, or carrier personnel, for dismissal of employees without notice or without due cause, shall be charged to this account during the accounting period such costs are incurred.

This account shall not include employees' compensation insurance prescribed under various labor laws; cost of employees' insurance against non-occupational disability; cost of or allowances made for employee benefits; bonus payments; or payments to employees in lieu of vacations, for sick leave, or for maternity leave.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

370 SOCIAL SECURITY TAXES

This account shall include the cost, applicable to the accounting period and properly chargeable to flying operations, of the carrier's contribution to old-age benefit and unemployment insurance in accordance with the Social Security tax laws of the United States.

This account shall also include the cost, applicable to the accounting period and properly chargeable to flying operations, of payments made to foreign governments under requirements of law for pension funds of employees whether or not such laws require similar contributions by the employees.

This account shall not include provisions for pensions when the funds are administered by the air carrier or its trustee; such costs shall be charged to account 838, "Pensions and Welfare."

371 CLEARANCE OF AIRCRAFT

This account shall include the costs of entrance and clearance fees of aircraft and flight crews. This account shall be charged with the cost of bills of health, visas, inspectors' fees, and stamp taxes necessary to the entry and clearance of aircraft and flight crews engaged in flying operations.

Item List

Bills of health
Consulate charges clearing planes
Consulate charges dispatching planes
Consular fees—miscellaneous
Inspectors' fees—for receipt and dispatch of flight crew and cargo
Overtime paid attendants clearing planes

OPERATING EXPENSE ACCOUNTS

FLYING OPERATIONS

372 OTHER FLYING OPERATIONS EXPENSES

This account shall include all flying operations expenses of the air carrier not properly chargeable to accounts 351 to 371, inclusive.

It shall include items such as ballast bags, expense of transporting mail to and from trains and in connection with interrupted trips, deicing fluid, oxygen for flight crews, expenses of landing and storage of aircraft at off-line points, etc.

OPERATING EXPENSE ACCOUNTS

FLIGHT EQUIPMENT MAINTENANCE—DIRECT

Account Number	*Account*
400	Flight Equipment Maintenance—Direct
401	Aircraft repairs—Direct
402	Aircraft repairs—Reserve provision
403	Aircraft engine repairs—Direct
404	Aircraft engine repairs—Reserve provision
405	Aircraft propeller repairs—Direct
406	Aircraft instrument repairs—Direct
407	Aircraft radio equipment repairs—Direct
408	Miscellaneous flight equipment repairs—Direct

OPERATING EXPENSE ACCOUNTS

FLIGHT EQUIPMENT MAINTENANCE—DIRECT

INSTRUCTIONS

1. The accounts in this group are designed to record direct expenses applicable to maintenance, repair, and overhaul of property and equipment used in flying operations.

2. Labor and material shall be charged to the accounts in this group regardless of the location of the air carrier's maintenance and overhaul bases or of the location of personnel engaged in such work. The cost of direct labor, materials and supplies, including outside repairs, used in the maintenance and repair of property and equipment shall be recorded on running orders or job tickets covering each repair job and periodic inspection *except* servicing. The cost of transporting owned and rented property and equipment to and from shops for repair and overhaul shall be included as a part of the cost of the materials and supplies used in the repair and overhaul of such property and equipment. Transportation charges, customs duties, etc., shall be included in the cost of repairs when made by outside parties.

3. When supervisory personnel such as crew chiefs, inspectors, foremen, and supervisors, are engaged in direct labor in connection with flight equipment maintenance, the proportionate part of their salaries and wages shall be charged to the direct labor accounts in this group.

4. When affiliates maintain, repair, and overhaul property and equipment owned or rented by the air carrier and used in flying operations, direct labor costs allocated to the carrier shall be charged to the appropriate direct labor subaccount, and material costs allocated to the carrier shall be charged to the appropriate materials and outside repairs subaccount. The affiliate performing such service shall make inverse entries.

5. The accounts in this group shall not include the salaries and expenses of maintenance personnel when engaged in ground-servicing duties. Such salaries and expenses shall be charged to account 509, "Service Employees," or to account 537, "Servicing Supplies and Expenses."

OPERATING EXPENSE ACCOUNTS

FLIGHT EQUIPMENT MAINTENANCE—DIRECT

401 AIRCRAFT REPAIRS—DIRECT

This account shall include the pay of employees of the air carrier, and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs of aircraft of all types and classes included in property account 1501, "Aircraft," *except* aircraft instruments. It shall also include such costs in connection with aircraft rented or on consignment when such equipment is used in flying operations.

The cost of direct labor, either on an hourly or salary basis and materials and supplies used in direct repair, overhaul, or maintenance of aircraft shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific aircraft repair job.

When a reserve method is used for major overhaul of aircraft, account 402, "Aircraft Repairs—Reserve Provision," shall be credited concurrently with the cost of direct labor and materials and outside repairs used in connection with such overhauls.

This account shall be divided into sub-accounts as follows: account 4011, "Aircraft Repairs—Direct Labor," and account 4012, "Aircraft Repairs—Materials and Outside Repairs."

402 AIRCRAFT REPAIRS—RESERVE PROVISION

When the air carrier has complied with the requirements governing the use of a reserve for aircraft overhaul as set forth in account 271, "Reserve for Aircraft Overhaul," this account shall be charged with the accruals thereto covering direct costs of major overhauls. Adjustments of the accruals to the reserve account also shall be charged or credited concurrently to this account.

The direct cost of major overhauls of aircraft charged against subaccounts 4011, "Aircraft Repairs—Direct Labor," and 4012, "Aircraft Repairs—Materials and Outside Repairs," shall be credited concurrently to this account.

The balance in this account shall reflect the monthly net accruals to account 271, "Reserve for Aircraft Overhaul," covering the direct cost of major overhauls of aircraft.

No entries other than those specified in the preceding paragraphs shall be made in this account.

403 AIRCRAFT ENGINE REPAIRS—DIRECT

This account shall include the pay of employees of the air carrier, and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs of aircraft of all types and classes included in property account 1502, "Aircraft Engines." It shall also include such costs in connection with aircraft engines rented or on consignment when such equipment is used in flying operations.

The cost of direct labor, either on an hourly or salary basis, and materials and supplies used in repair, overhaul, or maintenance of aircraft engines shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall be charged also with travel and other expenses incident to a specific aircraft engine repair job.

When a reserve method is used for major overhaul of aircraft engines, account 404, "Aircraft Engine Repairs—Reserve Provision," shall be credited concurrently with the cost of direct labor and materials and outside repairs used in connection with such overhauls.

This account shall be divided into sub-accounts as follows: account 4031, "Aircraft Engine Repairs—Direct Labor," and 4032, "Aircraft Engine Repairs—Materials and Outside Repairs."

404 AIRCRAFT ENGINE REPAIRS—RESERVE PROVISION

When the air carrier has complied with the requirements governing the use of a reserve for aircraft engine overhaul as set forth in account 272, "Reserve for Aircraft Engine Overhaul," this account shall be charged with the accruals thereto covering direct costs of major overhauls. Adjustments of the accruals to the reserve account also shall be charged or credited concurrently to this account.

The direct cost of major overhauls of aircraft engines charged against subaccounts 4031, "Aircraft Engine Repairs—Direct Labor," and 4032, "Aircraft Engine Repairs—Materials and Outside Repairs," shall be credited concurrently to this account.

The balance in this account shall reflect the monthly net accruals to account 272, "Reserve for Aircraft Engine Overhaul," covering the direct cost of major overhauls of aircraft engines.

No entries other than those specified in the preceding paragraphs shall be made in this account.

405 AIRCRAFT PROPELLER REPAIRS—DIRECT

This account shall include the pay of employees of the air carrier, and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs of aircraft propellers of all types and classes included in property account 1503, "Aircraft Propellers." It shall also include such costs in connection with aircraft propellers rented or on consignment when such equipment is used in flying operations.

The cost of direct labor, either on an hourly or salary basis, and materials and supplies used in repair, overhaul, or maintenance of aircraft propellers shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall be charged also with travel and other expenses incident to a specific aircraft engine repair job.

This account shall be divided into sub-accounts as follows: account 4051, "Aircraft Propeller Repairs—Direct Labor," and account 4052, "Aircraft Propeller Repairs—Materials and Outside Repairs."

406 AIRCRAFT INSTRUMENT REPAIRS—DIRECT

This account shall include the pay of employees of the air carrier, and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs of aircraft instruments of all types and classes included in property account 1501, "Aircraft." It shall also include such costs in connection with aircraft instruments rented or on consignment when such equipment is used in flying operations.

The cost of direct labor, either on an hourly or salary basis, and materials and supplies used in repair, overhaul, or maintenance of aircraft instruments shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account also shall be charged with travel and other expenses incident to a specific aircraft instrument repair job.

This account shall be divided into sub-accounts as follows: account 4061, "Aircraft Instrument Repairs—Direct Labor," and account 4062, "Aircraft Instrument Repairs—Materials and Outside Repairs."

407 AIRCRAFT RADIO EQUIPMENT REPAIRS—DIRECT

This account shall include the pay of employees of the air carrier, and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs of aircraft radio equipment of all types and classes included in property account 1504, "Aircraft Radio Equipment." It shall also include such costs in connection with aircraft radio equipment rented or on consignment when such equipment is used in flying operations.

The cost of direct labor, either on an hourly or salary basis, and materials and supplies used in repair, overhaul, or maintenance of aircraft radio equipment shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall be charged also with travel and other expenses incident to a specific aircraft radio equipment repair job.

This account shall be divided into sub-accounts as follows: account 4071, "Aircraft Radio Equipment Repairs—Direct Labor," and account 4072, "Aircraft Radio Equipment Repairs—Materials and Outside Repairs."

OPERATING EXPENSE ACCOUNTS

FLIGHT EQUIPMENT MAINTENANCE—DIRECT

408 MISCELLANEOUS FLIGHT EQUIPMENT REPAIRS—DIRECT

This account shall include the pay of employees of the air carrier, and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs of miscellaneous flight equipment of all types and classes included in property account 1505, "Miscellaneous Flight Equipment." It shall also include such costs in connection with miscellaneous flight equipment rented or on consignment when such equipment is used in flying operations.

The cost of direct labor, either on an hourly or salary basis, and materials and supplies used in repair, overhaul, or maintenance of miscellaneous flight equipment shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall be charged also with travel and other expenses incident to a specific miscellaneous flight equipment repair job.

This account shall be divided into sub-accounts as follows: account 4081, "Miscellaneous Flight Equipment Repairs—Direct Labor," and account 4082, "Miscellaneous Flight Equipment Repairs—Materials and Outside Repairs."

OPERATING EXPENSE ACCOUNTS

FLIGHT EQUIPMENT MAINTENANCE—INDIRECT

Account Number	*Account*
420	Flight Equipment Maintenance—Indirect
421	Aircraft repairs—Burden
422	Aircraft repairs—Reserve provision
423	Aircraft engine repairs—Burden
424	Aircraft engine repairs—Reserve provision
425	Aircraft propeller repairs—Burden
426	Aircraft instrument repairs—Burden
427	Aircraft radio equipment repairs—Burden
428	Miscellaneous flight equipment repairs—Burden

OPERATING EXPENSE ACCOUNTS

FLIGHT EQUIPMENT MAINTENANCE—INDIRECT

INSTRUCTIONS

1. The accounts in this group are designed to record the indirect or burden expenses applicable to maintenance, repair, and overhaul of property and equipment used in flying operations.

2. Burden shall be charged to the accounts in this group regardless of the location of the air carrier's maintenance and overhaul bases. The appropriate accounts in this group shall be charged a proportionate part of indirect maintenance expenses, recorded in memorandum account group 600, "Equipment Maintenance—Indirect," as overhead or burden in connection with the repair of flight equipment.

Burden expense prorated to each account in this group shall be based on the total cost of productive maintenance shop labor. If the air carrier proposes to prorate burden expense on any basis other than productive labor cost, permission to do so shall first be obtained from the Economic Bureau of the Civil Aeronautics Board.

3. When affiliates maintain, repair, and overhaul property and equipment owned or rented by the air carrier and used in flying operations, burden costs prorated to the carrier shall be charged to the appropriate account in this account group. The affiliate performing such service shall make inverse entries.

OPERATING EXPENSE ACCOUNTS

FLIGHT EQUIPMENT MAINTENANCE—INDIRECT

421 AIRCRAFT REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of aircraft of all types and classes included in property account 1501, "Aircraft," *except* aircraft instruments. It shall also include such costs in connection with aircraft rented or on consignment when such equipment is used in flying operations.

Burden expenses shall be prorated to this account on the basis of cost of productive labor performed.

422 AIRCRAFT REPAIRS—RESERVE PROVISION

When the air carrier has complied with the requirements governing the use of a reserve for aircraft overhaul as set forth in account 271, "Reserve for Aircraft Overhaul," this account shall be charged with the accruals thereto covering indirect costs of major overhauls. Adjustments of the accruals to the reserve account shall also be concurrently charged or credited to this account.

The indirect cost of major overhauls of aircraft charged against account 421, "Aircraft Repairs—Burden," shall be concurrently credited to this account.

The balance in this account shall reflect the monthly net accruals to account 271, "Reserve for Aircraft Overhaul," covering the indirect cost of major overhauls of aircraft.

No entries other than those specified in the preceding paragraphs shall be made in this account.

423 AIRCRAFT ENGINE REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of aircraft engines of all types and classes included in property account 1502, "Aircraft Engines." It shall also include such costs in connection with engines rented or on consignment when such equipment is used in flying operations.

Burden expense shall be prorated to this account on the basis of cost of productive labor performed.

424 AIRCRAFT ENGINE REPAIRS—RESERVE PROVISION

When the air carrier has complied with the requirements governing the use of a reserve for aircraft overhaul as set forth in account 272, "Reserve for Aircraft Engine Overhaul," this account shall be charged with the accruals thereto covering indirect costs of major overhauls. Adjustments of the accruals to the reserve account shall also be charged or credited concurrently to this account.

The indirect cost of major overhauls of aircraft engines charged against account 423, "Aircraft Engine Repairs—Burden," shall be credited concurrently to this account.

The balance in this account shall reflect the monthly net accruals to account 272, "Reserve for Aircraft Engine Overhaul," covering the indirect cost of major overhauls of aircraft engines.

No entries other than those specified in the preceding paragraphs shall be made in this account.

425 AIRCRAFT PROPELLER REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of aircraft propellers of all types and classes included in property account 1503, "Aircraft Propellers." It shall also include such costs in connection with aircraft propellers rented or on consignment when such equipment is used in flying operations.

Burden expense shall be prorated to this account on the basis of cost of productive labor performed.

426 AIRCRAFT INSTRUMENT REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of aircraft instruments of all types and classes included in property account 1501, "Aircraft." It shall also include such costs in connection with aircraft instruments rented or on consignment when such equipment is used in flying operations.

Burden expense shall be prorated to this account on the basis of cost of productive labor performed.

427 AIRCRAFT RADIO EQUIPMENT REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of aircraft radio equipment of all types and classes included in property account 1504, "Aircraft Radio Equipment." It shall also include such costs in connection with aircraft radio equipment rented or on consignment when such equipment is used in flying operations.

Burden expense shall be prorated to this account on the basis of cost of productive labor performed.

OPERATING EXPENSE ACCOUNTS

FLIGHT EQUIPMENT MAINTENANCE—INDIRECT

428 MISCELLANEOUS FLIGHT EQUIPMENT REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of miscellaneous flight equipment of all types and classes included in property account 1505, "Miscellaneous Flight Equipment." It shall also include such costs in connection with miscellaneous flight equipment rented or on consignment when such equipment is used in flying operations.

Burden expense shall be prorated to this account on the basis of cost of productive labor performed.

OPERATING EXPENSE ACCOUNTS

DEPRECIATION—FLIGHT EQUIPMENT

450 DEPRECIATION—FLIGHT EQUIPMENT

This account shall include the charges applicable to the accounting period, covering depreciation on the service value of flight equipment, calculated in accordance with instructions pertaining to account 250, "Accrued Depreciation—Operating Property and Equipment."

The depreciation applicable to each classification of flight equipment included in account group 150, "Operating Property and Equipment," shall be recorded in the following corresponding depreciation account:

4501 Depreciation—Aircraft
4502 Depreciation—Aircraft Engines
4503 Depreciation—Aircraft Propellers
4504 Depreciation—Aircraft Radio Equipment
4505 Depreciation—Miscellaneous Flight Equipment
4506 Depreciation—Flight Equipment Spare Parts and Assemblies

This account shall not include gain or loss on equipment sold or otherwise disposed of or retired. Gain on disposal of equipment shall be credited to account 958, "Retirements of Operating Property and Equipment—Gain"; and loss on disposal of equipment shall be charged to account 978, "Retirements of Operating Property and Equipment—Loss."

OPERATING EXPENSE ACCOUNTS

OPERATIONS

Account Number	*Account*
500	Operations
501	Superintendence—General
502	Superintendence—Assistants
503	Engineers and assistant engineers
504	Passenger and ticket agents
505	Station managers
508	Dispatchers
509	Service employees
511	Clerks and stenographers
513	Other operations employees
514	Travel and incidental expenses
515	Telephone and telegraph
516	Light, heat, power, and water
517	Rents of fields, buildings, and offices
518	Office supplies and expenses
519	Engineering supplies and expenses
520	Freight, express, and parcel post
521	Customs, duties, and brokerage
522	Buildings, contents, and liability insurance
523	Employees' compensation and other insurance
526	Uninsured losses—reserve provision
527	Injuries, loss, and damage
528	Agency services, management, and supervision
529	Joint facilities shared
530	Joint facilities fees and charges
531	Joint facilities—Credit
532	Motorized vehicles expenses
533	Motorized marine equipment expenses
534	Consolidated airport ticket office expenses
535	Employees' compulsory compensation
536	Social security taxes
537	Servicing supplies and expenses
547	Personnel training expenses
549	Other operations expenses

OPERATING EXPENSE ACCOUNTS

OPERATIONS

INSTRUCTIONS

1. The accounts in this group are designed to record all ground operations expenses, *except* communications and meteorology expenses, and shall include the salaries of all supervisory and other personnel engaged in directing the movement of flight equipment; handling of mail, passengers, and express; and all expenses incident to such operations.

2. The accounts in this group shall include the salaries and expenses of maintenance personnel when engaged in ground servicing duties. Such salaries and expenses shall be charged to account 509, "Service Employees," or account 537, "Servicing Supplies and Expenses."

Ground servicing duties are defined to include towing aircraft; landing marine aircraft; cleaning, washing, and polishing aircraft; servicing aircraft with fuel, oil, and water; transporting fuels and oils from storage tanks to aircraft; general cleaning and caring for operating hangars and grounds not including overhaul shops and maintenance bases; and services incident to the transfer of mail, baggage, and express in hangars or on airports.

3. The accounts in this group shall not include the salaries and expenses directly attributable to passenger reservations service whether such service is maintained at the airports or in city ticket offices.

OPERATING EXPENSE ACCOUNTS

OPERATIONS

501 SUPERINTENDENCE—GENERAL

This account shall include the pay, properly chargeable to this account, of officers and supervisory employees engaged in the general supervision of operations.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Chief pilots—(not flying)
Chief tower control
Division superintendents or supervisors—operations
Flight directors
Flight superintendents or supervisors
Operations managers
Regional superintendents or supervisors
Section superintendents or supervisors
Stations superintendents or supervisors
System superintendents or supervisors
Tower control managers
Vice-presidents in charge of divisions
Vice-presidents in charge of operations

502 SUPERINTENDENCE—ASSISTANTS

This account shall include the pay, properly chargeable to this account, of assistant supervisory employees engaged in the supervision of operations.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Assistant chief pilots —(not flying)
Assistant division superintendents or supervisors
Assistant flight directors
Assistant flight superintendents or supervisors
Assistant regional superintendents or supervisors
Assistant station superintendents or supervisors
Assistant system superintendents or supervisors
Assistants to operations manager
Assistants to vice-presidents—divisions
Assistants to the vice-presidents—operations
Check pilots—(not flying)
Chief dispatchers and assistants
Chief inspectors—operations
Field supervisors
Regulations supervisors
Test pilots—(not flying)

503 ENGINEERS AND ASSISTANT ENGINEERS

This account shall include the pay, properly chargeable to this account, of engineers, assistant engineers, and draftsmen.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Airport engineers
Airway engineers
Chief engineers
Construction engineers
Design engineers
Draftsmen
General engineers
General engineering inspectors
Laboratory supervisor
Navigation engineers
Operations engineers
Radio engineers
Vice-presidents—engineering
Vice-presidents—safety

504 PASSENGER AND TICKET AGENTS

This account shall include the pay, properly chargeable to this account, of personnel engaged in handling passengers and ticket sales at airports.

Passenger and ticket agents located in city traffic and sales offices shall not be charged to this account but to account 704, "Passenger and Ticket Agents and Reservations Personnel."

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

505 STATION MANAGERS

This account shall include the pay, properly chargeable to this account, of local airport station managers, assistant station managers, and relief station managers.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

508 DISPATCHERS

This account shall include the pay, properly chargeable to this account, of dispatchers and assistants.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

509 SERVICE EMPLOYEES

This account shall include the pay, properly chargeable to this account, of all employees engaged in work in and about hangars and at airports, such as towing aircraft, landing marine aircraft, changing tires, cleaning, washing, and polishing aircraft; servicing aircraft with fuel, oil, and water; transporting fuels and oils from storage tanks to aircraft; and general cleaning and caring for hangars and grounds. It shall include the pay of employees engaged in the transfer of mail, baggage, and express in hangars or on airports. It shall also include the pay of messengers in connection with the operation of air mail and express pickup stations.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Assistant to port steward
Beaching crews
Beaching crews chief
Boatsmen and tenders
Buoy tenders
Cargo handlers
Carpenters
Chauffeurs
Chief mechanic (when engaged in servicing duties)
Cleaners
Couriers
Electricians
Fleet service employees
Gardeners
Grounds caretakers
Foremen (when engaged in servicing duties)
Guards
Heating engineers
Helpers
Janitors
Launchmen
Laborers
Line mechanics (when engaged in servicing duties)
Mail clerks and messengers
Mechanic helpers (when engaged in servicing duties)
Porters
Refueling clerks
Service crews
Truck drivers
Watchmen

511 CLERKS AND STENOGRAPHERS

This account shall include the pay, properly chargeable to this account, of all secretaries, stenographers, and general clerks.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Clerks
Secretaries
Stenographers and typists
Switchboard operators
Telephone operators

513 OTHER OPERATIONS EMPLOYEES

This account shall include the pay, properly chargeable to operations, of all employees whose pay is not properly chargeable to accounts 501 to 511, inclusive.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

514 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 501 to 513, inclusive.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

Item List

Gasoline or mileage allowances
Hotel, rooms, etc.
Laundry
Meals
Memberships in business or social clubs
Motorized vehicles rents
Passport expenses
Photographs
Physical examinations
Taxicab expenses
Tips and special fees
Transfer and moving expenses
Travel fares
Uniforms and cleaning (except service employees)

515 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to operations, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also with amounts collected from others applicable to amounts chargeable to this account.

Item List

Long distance calls and tolls
Long lines communication
Private line teletype service
Switchboard rents and charges
T. W. X. teletype service
Telegraph circuit rents and installation costs
Telemeter charges
Telephone installation and service charges
Teletype rents and charges

516 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water, and air conditioning used in buildings, hangars, offices, and storage space, wherever located, when used in operations, or for offices of supervisory operations employees. It shall also include the cost of power for lighting airport and airway beacons.

This account shall not be charged with expenses of this type incident to hangars used for the overhaul, repair, and maintenance of aircraft, or the offices of supervisory maintenance employees, whether such hangars and offices are located at central overhaul bases or elsewhere. Account 516, "Light, Heat, Power, and Water," shall be charged with such expenses.

517 RENTS OF FIELDS, BUILDINGS, AND OFFICES

This account shall include rents currently accrued or paid for the use of fields, airports, buildings, hangars, offices, storage space, and remote control locations, wherever located, when used in operations or for offices of supervisory operations employees.

This account shall not be charged with the rent of hangars used for the overhaul, repair, and maintenance of aircraft, or the offices of supervisory maintenance employees, whether such hangars and offices are located at the central overhaul bases or elsewhere. Account 617, "Rents of Buildings and Offices," shall be charged with such expenses.

When rented property is leased to a third party the rental income, and the rent expense or proportionate part thereof, shall be carried in account 323, "Rental from Operating Property—Net."

When rented property is leased to an affiliate the rental income, and the rent expense or proportionate part thereof, shall be carried in account 326, "Affiliated Companies and Interdivisional Revenues."

Item List

Airway aids site rents
Landing field rents and charges
Remote control space rent
Storage rents and fees

INTENTIONAL SECOND EXPOSURE

516 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water, and air conditioning used in buildings, hangars, offices, and storage space, wherever located, when used in operations, or for offices of supervisory operations employees. It shall also include the cost of power for lighting airport and airway beacons.

This account shall not be charged with expenses of this type incident to hangars used for the overhaul, repair, and maintenance of aircraft, or the offices of supervisory maintenance employees, whether such hangars and offices are located at central overhaul bases or elsewhere. Account 516, "Light, Heat, Power, and Water," shall be charged with such expenses.

517 RENTS OF FIELDS, BUILDINGS, AND OFFICES

This account shall include rents currently accrued or paid for the use of fields, airports, buildings, hangars, offices, storage space, and remote control locations, wherever located, when used in operations or for offices of supervisory operations employees.

This account shall not be charged with the rent of hangars used for the overhaul, repair, and maintenance of aircraft, or the offices of supervisory maintenance employees, whether such hangars and offices are located at the central overhaul bases or elsewhere. Account 617, "Rents of Buildings and Offices," shall be charged with such expenses.

When rented property is leased to a third party the rental income, and the rent expense or proportionate part thereof, shall be carried in account 323, "Rental from Operating Property—Net."

When rented property is leased to an affiliate the rental income, and the rent expense or proportionate part thereof, shall be carried in account 326, "Affiliated Companies and Interdivisional Revenues."

Item List

Airway aids site rents
Landing field rents and charges
Remote control space rent
Storage rents and fees

518 OFFICE SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to operations, of office supplies, rents of office equipment, and other incidental office expenses.

When rental agreements include maintenance and repair of office equipment such costs shall be included in this account. When maintenance or repairs of office equipment is performed by the air carrier or outside parties the cost shall not be included in this account but in account 908, "Other Ground Equipment Repairs—Direct," and 928, "Other Ground Equipment Repairs—Burden."

Item List

Aircraft log forms
Armored car service
Aviation and railway guides
Baggage checks
Business cards
Clock service
Home study courses
Janitor and window-cleaning services
Messenger services
Newspapers and periodicals
Office stationery and printing
Office supplies
Overtime meal allowances
Passenger manifests
Passenger tickets
Postage and postal charges
Radio transmission forms
Rents of office equipment
Signs
Teletype paper
Towel and coat service

519 ENGINEERING SUPPLIES AND EXPENSES

This account shall include miscellaneous expenses and the cost of miscellaneous supplies, applicable to the accounting period and properly chargeable to operations, for the engineering department of the air carrier which cannot be charged directly to a specific job or type of work.

Item List

Blue prints
Expendable engineering instruments
Publications
Sample materials

520 FREIGHT, EXPRESS, AND PARCEL POST

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to operations, of freight, express, and parcel post charges on materials and supplies shipped to various points on the carrier's line when such charges are not considered to be a part of the cost of the materials and supplies.

To this account also shall be charged amounts paid or accrued for shipments received by freight, express, or parcel post from outside companies when such charges are not a part of the cost of the materials and supplies.

Item List

Cartage charges on shipments
Docking charges
Express charges
Freight charges
Lighterage
Parcel post charges

521 CUSTOMS, DUTIES, AND BROKERAGE

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to operations, of customs, duties, and brokerage charges covering materials and supplies received or exported when such charges are not a part of the cost of the materials and supplies.

Item List

Bonding charges on shipments
Brokerage fees—handling charges
Customs service charges
Landing charges and fees
Revenue stamps for documents

522 BUILDINGS, CONTENTS, AND LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period and properly chargeable to operations, of fire, windstorm, loss and damage, public liability and property damage, insurance covering buildings, equipment, motorized vehicles, and materials and supplies.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

523 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life, and accident insurance covering employees engaged in operations when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 979, "Other Deductions from Gross Income."

The cost of employees' group insurance and insurance against nonoccupational disability shall be charged to account 838, "Pensions and Welfare."

526 UNINSURED LOSSES—RESERVE PROVISION

When the air carrier has complied with the requirements governing the use of a reserve for uninsured losses as set forth in account 293, "Reserve for Uninsured Losses," this account shall be charged with the accruals to the reserve when such accruals are properly chargeable to operations. Adjustments of the accruals to the reserve account shall also be concurrently charged or credited to this account.

No entries other than those specified in the preceding paragraph shall be made in this account.

527 INJURIES, LOSS, AND DAMAGE

This account shall include the remainder of losses, resulting from accidents or casualties properly chargeable to operations expenses, carried over from account 174, "Other Deferred Charges."

This account shall be charged directly with expenses resulting from minor accidents where such expenses are not treated as ordinary repairs and for which no subaccount has been established under account 174, "Other Deferred Charges."

Uninsured losses in connection with injuries to passengers and loss or damage to baggage, clothing, and other personal property, shall be charged to account 677, "Injuries, Loss, and Damage."

Pensions paid employees on account of injuries sustained in line of duty shall be charged to account 838, "Pensions and Welfare."

528 AGENCY SERVICES, MANAGEMENT, AND SUPERVISION

This account shall include the amounts accruing against the air carrier, and properly chargeable to operations, for its proportion of the costs incurred by parent or other affiliated companies in connection with operating agreements, general agency agreements, or other agreements not involving joint use of facilities.

This account shall also include fees and expenses, properly chargeable to operations, payable to a parent or other affiliated company for continuously rendered supervision and management.

This account shall be credited with all fees and expenses, not involving joint use of facilities, originally incurred by the air carrier and accruing against parent or other affiliated companies in connection with operations.

Any excess of fees charged affiliated companies over costs incurred by the carrier, in connection with services performed for such affiliated companies, shall not be credited to this account but to account 326, "Affiliated Companies and Interdivisional Revenues."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

529 JOINT FACILITIES SHARED

This account shall include the amounts accruing against the air carrier, and properly chargeable to operations, for its proportion of the costs incurred by others in operating facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the carrier on the basis of landings, ton-landings, schedules, or other actual use basis.

Costs and fees charged the air carrier in connection with general agency agreements and other agreements with affiliated companies, not involving joint use of facilities, shall not be included in this account but in account 528, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge; the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

530 JOINT FACILITIES FEES AND CHARGES

This account shall include the amounts accruing against the air carrier, and properly chargeable to operations, for its proportion of the costs incurred by others in operating facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the air carrier on any basis other than landings, ton-landings, schedules, or other actual use basis.

Costs and fees charged by others for operating ground facilities in a "stand-by" condition shall be included in this account.

Costs and fees charged the air carrier in connection with general agency agreements and other agreements with affiliated companies, not involving joint use of facilities, shall not be included in this account but in account 528, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge; the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

531 JOINT FACILITIES—CREDIT

This account shall include the amounts chargeable against others, and properly credited to operations, as their proportion of the costs incurred by the air carrier in operating facilities in the joint use of which others participate.

Costs charged against affiliated companies in connection with general agency agreements and other agreements, not involving joint use of facilities, shall not be credited to this account but to account 528, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company charged; the periods covered and the nature, purpose, and amount of each item of expense allocated.

532 MOTORIZED VEHICLES EXPENSES

This account shall include the cost, properly chargeable to operations, of operation of motorized vehicles, including rents and *excluding* repairs and depreciation.

The cost of repairs and overhaul shall be charged to accounts 902, "Motorized Vehicles and Equipment Repairs—Direct," and 922, "Motorized Vehicles and Equipment Repairs—Burden"; and depreciation shall be charged to account 8525, "Depreciation—Motorized Vehicles and Equipment."

This account shall not include cost of hire of motorized vehicles used by officers and employees specifically chargeable to account 514, "Travel and Incidental Expenses."

Item List

Anti-freeze
Frost shields
Gasoline
Grease
Oil
Parking fees
Tolls

533 MOTORIZED MARINE EQUIPMENT EXPENSES

This account shall include the cost, properly chargeable to operations, of operation of launches, boats, ships, and other motorized marine equipment, including rents and *excluding* repairs and depreciation.

The cost of repairs and overhauls shall be charged to account 903, "Motorized Marine Equipment Repairs—Direct," and 923, "Motorized Marine Equipment Repairs—Burden"; and depreciation shall be charged to account 8526, "Depreciation—Motorized Marine Equipment."

This account shall not include cost of hire of motorized marine equipment used by officers and employees specifically chargeable to account 514, "Travel and Incidental Expenses."

534 CONSOLIDATED AIRPORT TICKET OFFICE EXPENSES

This account shall include all charges covering the air carrier's proportionate part of the operating expenses of consolidated ticket offices located at airports.

The air carrier's proportion of the operating costs of consolidated ticket offices located in cities shall be charged to account 734, "Consolidated City Ticket Office Expenses."

Consolidated airport ticket offices are defined as those ticket offices located at airports owned or controlled jointly or in common by the air carrier and others.

535 EMPLOYEES' COMPULSORY COMPENSATION

This account shall include the cost, applicable to the accounting period and properly chargeable to operations, of payments to employees, upon separation from the services of the air carrier, in accordance with the labor laws of various countries in which the air carrier operates.

In the event the air carrier elects to use a reserve for compulsory compensation, as outlined in account 274, "Reserve for Compulsory Compensation," this account shall be charged with the accruals to such reserve when the charges are properly included in operations.

Penalty or indemnity payments to governmental agencies, or carrier personnel, for dismissal of employees without notice or without due cause, shall be charged to this account during the accounting period such costs are incurred.

This account shall not include employees' compensation insurance prescribed under various labor laws; cost of employees' insurance against non-occupational disability; cost of or allowances made for employees' benefits; bonus payments; or payments to employees in lieu of vacations, for sick leave, or for maternity leave.

The records supporting the entries in this account should be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

536 SOCIAL SECURITY TAXES

This account shall include the cost, applicable to the accounting period and properly chargeable to operations, of the carrier's contribution to old age benefit and unemployment insurance in accordance with the Social Security tax laws of the United States.

This account shall also include the cost, applicable to the accounting period and properly chargeable to operations, of payments made to foreign governments under requirements of law for pension funds of employees whether or not such laws require similar contributions by the employees.

This account shall not include provisions for pensions when the funds are administered by the air carrier or its trustee; such costs shall be charged to account 838, "Pensions and Welfare."

537 SERVICING SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to operations, of supplies and miscellaneous services used in cleaning and servicing aircraft and cleaning ground operations hangars. It shall also include fuel and oil servicing charges at airports when such servicing is done by personnel other than that of the air carrier.

The cost of materials and supplies used in cleaning ground maintenance hangars shall be charged to account 638, "Shop Supplies and Expenses."

Item List

Acetylene
Ash removal
Bolts
Brushes
Chains
Cleaning cloths and supplies
Compressed air and gasses
Cotter pins
Curling irons
Demurrage on cylinders
Drills
Exterminator compounds
First-aid supplies
Flashlights and batteries
Gloves
Graphite grease
Hack saw blades
Laundering rags
Light bulbs
Mops
Nuts
Oils
Padlocks and keys
Paint
Polish
Raincoats
Rubber boots
Sawdust
Screws
Small tools
Small signs
Snow shovels
Tiedown stakes
Towel service
Umbrellas
Uniforms and laundering
Washrags
Washers
Washing compounds, soaps and insecticides
Washroom supplies
Watchman service

547 PERSONNEL TRAINING EXPENSES

This account shall include all direct expenses incurred in connection with personnel training programs such as personnel salaries, supplies and expenses, travel and incidental, etc., when such expenses are properly chargeable to account group 500, "Operations."

This account shall include the pay of instructors, trainees, apprentices, students, etc., when engaged exclusively in operations training.

This account also shall include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

This account shall not include the pay of instructors, trainees, apprentices, students, etc., when such operations instruction is incidental to the daily routine of their productive employment.

This account shall be kept with sufficient particularity to reveal clearly the amounts and the type or class of each item of expense.

549 OTHER OPERATIONS EXPENSES

This account shall include all operations expenses of the air carrier not properly chargeable to operations accounts 514 to 547, inclusive.

Item List

Airport and airway lighting miscellaneous supplies and expenses
Airport post office expenses
Company material mailsacks
Control tower charges
Miscellaneous engineering and experimental supplies

OPERATING EXPENSE ACCOUNTS

COMMUNICATIONS AND METEOROLOGY

Account Number	*Account*
550	Communications and Meteorology
551	Superintendence—General
552	Superintendence—Assistants
553	Engineers and assistant engineers
556	Communications operators
557	Meteorologists
561	Clerks and stenographers
563	Other communications and meteorology employees
564	Travel and incidental expenses
565	Telephone and telegraph
566	Light, heat, power, and water
567	Rents of fields, buildings, and offices
568	Office supplies and expenses
569	Engineering supplies and expenses
570	Freight, express, and parcel post
571	Customs, duties, and brokerage
572	Buildings, contents, and liability insurance
573	Employees' compensation and other insurance
576	Uninsured losses—Reserve provision
577	Injuries, loss, and damage
578	Agency services, management, and supervision
579	Joint facilities shared
580	Joint facilities fees and charges
581	Joint facilities—Credit
582	Motorized vehicles expenses
585	Employees' compulsory compensation
586	Social Security taxes
597	Personnel training expenses
599	Other communications and meteorology expenses

OPERATING EXPENSE ACCOUNTS

COMMUNICATIONS AND METEOROLOGY

551 SUPERINTENDENCE—GENERAL

This account shall include the pay, properly chargeable to this account, of officers and supervisory employees engaged in the general supervision of communications and meteorology.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Communications superintendents or supervisors	Section superintendents or supervisors
Division superintendents or supervisors	Station superintendents or supervisors
	System superintendents or supervisors

552 SUPERINTENDENCE—ASSISTANTS

This account shall include the pay, properly chargeable to this account, of assistant supervisory employees engaged in the supervision of communications and meteorology.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Assistant communications superintendents or supervisors
Assistant division superintendents or supervisors
Assistant station superintendents or supervisors
Assistant system superintendents or supervisors

553 ENGINEERS AND ASSISTANT ENGINEERS

This account shall include the pay, properly chargeable to this account, of engineers, assistant engineers, and draftsmen.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Chief engineers
Communications engineers
Construction engineers
Draftsmen
Laboratory supervisors
Navigation engineers
Radio engineers
Vice-presidents—engineering

556 COMMUNICATIONS OPERATORS

This account shall include the pay, properly chargeable to this account, of airway radio, telephone, telegraph, teletype, and other communications operators and their assistants engaged in the transmission of messages at ground stations, between ground stations, and between ground stations and aircraft.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Apprentice radio operators
Circuit chiefs
Operators in charge
Teletype operators
Radio operators
Radio operators (relief)
Teletype clerks
Code clerks
Radio clerks

557 METEOROLOGISTS

This account shall include the pay, properly chargeable to this account, of meteorologists and assistants.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

561 CLERKS AND STENOGRAPHERS

This account shall include the pay, properly chargeable to this account, of all secretaries, stenographers, and general clerks.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Clerks
Secretaries
Stenographers and typists
Switchboard operators
Telephone operators

563 OTHER COMMUNICATIONS AND METEOROLOGY EMPLOYEES

This account shall include the pay, properly chargeable to communications and meteorology operations, of all employees whose pay is not properly chargeable to accounts 551 to 561, inclusive.

This account shall also include the vacation, and sick leave pay of all personnel whose salary is properly chargeable to this account.

564 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 551 to 563, inclusive.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

Item List

Gasoline or mileage allowances
Hotel, rooms, etc.
Laundry
Meals
Memberships in business or social clubs
Motorized vehicles rents
Passport expenses
Photographs
Physical examinations
Taxicab expenses
Tips and special fees
Transfer and moving expenses
Travel fares
Uniforms and cleaning (except service employees)

565 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to communications and meteorology, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also with amounts collected from others applicable to amounts chargeable to this account.

Item List

Long distance calls and tolls
Long lines communication
Private line teletype service
Switchboard rents and charges
T. W. X. teletype service
Telegraph circuit rents and installation costs
Telemeter charges
Telephone installation and service charges
Teletype rents and charges

566 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water, and air conditioning used in buildings, hangars, offices, and storage space, wherever located, when used in communications and meteorology, or for offices of supervisory communications and meteorology employees. It shall also include the cost of power for airway communications.

This account shall not be charged with expenses of this type incident to hangars used for the overhaul, repair, and maintenance of aircraft, or the offices of supervisory maintenance employees, whether such hangars and offices are located at central overhaul bases or elsewhere. Account 616, "Light, Heat, Power, and Water," shall be charged with such expenses.

567 RENTS OF FIELDS, BUILDINGS, AND OFFICES

This account shall include rents currently accrued or paid for the use of fields, airports, buildings, hangars, offices, storage space, and remote control locations, wherever located, when used in communications and meteorology or for offices of supervisory communications and meteorology employees.

This account shall not be charged with the rent of hangars used for the overhaul, repair, and maintenance of aircraft, or the offices of supervisory maintenance employees, whether such hangars and offices are located at the central overhaul bases or elsewhere. Account 617, "Rents of Buildings and Offices," shall be charged with such expenses.

When rented property is leased to a third party, the rental income and the rent expense or proportionate part thereof, shall be carried in account 323, "Rental from Operating Property—Net."

When rented property is leased to an affiliate, the rental income and the rent expense or proportionate part thereof, shall be carried in account 326, "Affiliated Companies and Interdivisional Revenue."

Item List

Airway aids site rents
Remote control space rent
Storage rents and fees

568 OFFICE SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to communications and meteorology, of office supplies, rents of office equipment, and other incidental office expenses.

When rental agreements include maintenance and repair of office equipment such costs shall be included in this account. When maintenance or repairs of office equipment is performed by the air carrier or outside parties the cost shall not be included in this account but in accounts 908, "Other Ground Equipment Repairs—Direct" and 928, "Other Ground Equipment Repairs—Burden."

Item List

Aviation and railway guides
Business cards
Clock service
Home study courses
Janitor and window-cleaning services
Messenger services
Newspapers and periodicals
Office stationery and printing
Office supplies
Overtime meal allowances
Postage and postal charges
Radio transmission forms
Rents of office equipment
Signs
Teletype paper
Towel and coat service

569 ENGINEERING SUPPLIES AND EXPENSES

This account shall include miscellaneous expenses and the cost of miscellaneous supplies, applicable to the accounting period and properly chargeable to communications and meteorology, for the engineering department of the air carrier which cannot be charged directly to a specific job or type of work.

Item List

Blue prints
Expendable engineering instruments
Publications
Sample materials

570 FREIGHT, EXPRESS, AND PARCEL POST

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to communications and meteorology, of freight, express, and parcel post charges on materials and supplies shipped to various points on the carrier's line when such charges are not considered to be a part of the cost of the materials and supplies.

To this account shall also be charged amounts paid or accrued for shipments received by freight, express, or parcel post from outside companies when such charges are not a part of the cost of the materials and supplies.

Item List

Cartage charges on shipments
Docking charges
Express charges
Freight charges
Lighterage
Parcel post charges

571 CUSTOMS, DUTIES, AND BROKERAGE

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to communications and meteorology, of customs, duties, and brokerage charges covering materials and supplies received or exported when such charges are not a part of the cost of the materials and supplies.

Item List

Bonding charges on shipments
Brokerage fees—handling charges
Customs service charges
Landing charges and fees
Revenue stamps for documents

570 FREIGHT, EXPRESS, AND PARCEL POST

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to communications and meteorology, of freight, express, and parcel post charges on materials and supplies shipped to various points on the carrier's line when such charges are not considered to be a part of the cost of the materials and supplies.

To this account shall also be charged amounts paid or accrued for shipments received by freight, express, or parcel post from outside companies when such charges are not a part of the cost of the materials and supplies.

Item List

Cartage charges on shipments
Docking charges
Express charges
Freight charges
Lighterage
Parcel post charges

571 CUSTOMS, DUTIES, AND BROKERAGE

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to communications and meteorology, of customs, duties, and brokerage charges covering materials and supplies received or exported when such charges are not a part of the cost of the materials and supplies.

Item List

Bonding charges on shipments
Brokerage fees—handling charges
Customs service charges
Landing charges and fees
Revenue stamps for documents

572 BUILDINGS, CONTENTS, AND LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period and properly chargeable to communications and meteorology, of fire, windstorm, loss and damage, public liability and property damage, insurance covering buildings, equipment, motorized vehicles, and materials and supplies.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

573 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life, and accident incurance covering employees engaged in communications and meteorology when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 979, "Other Deductions from Gross Income."

The cost of employees' group insurance and insurance against nonoccupational disability shall be charged to account 838, "Pensions and Welfare."

576 UNINSURED LOSSES—RESERVE PROVISION

When the air carrier has complied with the requirements governing the use of a reserve for uninsured losses as set forth in account 293, "Reserve for Uninsured Losses," this account shall be charged with the accruals to the reserve when such accruals are properly chargeable to communications and meteorology. Adjustments of the accruals to the reserve account shall also be concurrently charged or credited to this account.

No entries other than those specified in the preceding paragraph shall be made in this account.

577 INJURIES, LOSS, AND DAMAGE

This account shall include the remainder of losses, resulting from accidents or casualties properly chargeable to communications and meteorology expenses, carried over from account 174, "Other Deferred Charges."

This account shall be charged directly with expenses resulting from minor accidents where such expenses are not treated as ordinary repairs and for which no subaccount has been established under account 174, "Other Deferred Charges."

Uninsured losses in connection with injuries to passengers and loss or damage to baggage, clothing and other personal property, shall be charged to account 677, "Injuries, Loss, and Damage."

Pensions paid employees on account of injuries sustained in line of duty shall be charged to account 838, "Pensions and Welfare."

578 AGENCY SERVICES, MANAGEMENT, AND SUPERVISION

This account shall include the amounts accruing against the air carrier, and properly chargeable to communications and meteorology, for its proportion of the costs incurred by parent or other affiliated companies in connection with operating agreements, general agency agreements or other agreements not involving joint use of facilities.

This account shall also include fees and expenses, properly chargeable to communications and meteorology, payable to a parent or other affiliated company for continuously rendered supervision and management.

This account shall be credited with all fees and expenses, not involving joint use of facilities, originally incurred by the air carrier and accruing against parent or other affiliated companies in connection with communications and meteorology.

Any excess of fees charged affiliated companies over costs incurred by the carrier, in connection with services performed for such affiliated companies, shall not be credited to this account but to account 326, "Affiliated Companies and Interdivisional Revenues."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

579 JOINT FACILITIES SHARED

This account shall include the amounts accruing against the air carrier, and properly chargeable to communications and meteorology, for its proportion of the costs incurred by others in operating facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the carrier on the basis of landings, ton-landings, schedules, or other actual use basis.

Costs and fees charged the air carrier in connection with general agency agreements and other agreements with affiliated companies, not involving joint use of facilities, shall not be included in this account but in account 578, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge; the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

580 JOINT FACILITIES FEES AND CHARGES

This account shall include the amounts accruing against the air carrier, and properly chargeable to communications and meteorology, for its proportion of the costs incurred by others in operating facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the air carrier on any basis other than landings, ton-landings, schedules, or other actual use basis.

Costs and fees charged by others for operating ground facilities in a "stand-by" condition shall be included in this account.

Costs and fees charged the air carrier in connection with general agency agreements and other agreements with affiliated companies, not involving joint use of facilities, shall not be included in this account but in account 578, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge; the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

581 JOINT FACILITIES—CREDIT

This account shall include the amounts chargeable against others, and properly credited to communications and meteorology, as their proportion of the costs incurred by the air carrier in operating facilities in the joint use of which others participate.

Costs charged against affiliated companies in connection with general agency agreements and other agreements, not involving joint use of facilities, shall not be credited to this account but to account 578, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company charged, the periods covered and the nature, purpose, and amount of each item of expense allocated.

582 MOTORIZED VEHICLES EXPENSES

This account shall include the cost, properly chargeable to communications and meteorology, of operation of motorized vehicles, including rents but *excluding* repairs and depreciation.

The cost of repairs and overhaul shall be charged to accounts 902, "Motorized Vehicles and Equipment Repairs—Direct" and 922, "Motorized Vehicles and Equipment Repairs—Burden," and depreciation shall be charged to account 8525, "Depreciation—Motorized Vehicles and Equipment."

This account shall not include cost of hire of motorized vehicles used by officers and employees specifically chargeable to account 564, "Travel and Incidental Expenses."

Item List

Anti-freeze
Frost shields
Gasoline
Grease
Oil
Parking fees
Tolls

585 EMPLOYEES' COMPULSORY COMPENSATION

This account shall include the cost, applicable to the accounting period and properly chargeable to communications and meteorology, of payments to employees, upon separation from the services of the air carrier, in accordance with the labor laws of various countries in which the air carrier operates.

In the event the air carrier elects to use a reserve for compulsory compensation, as outlined in account 274, "Reserve for Compulsory Compensation," this account shall be charged with the accruals to such reserve when the charges are properly included in communications and meteorology.

Penalty or indemnity payments to governmental agencies, or carrier personnel, for dismissal of employees without notice or without due cause, shall be charged to this account during the accounting period such costs are incurred.

This account shall not include employees' compensation insurance prescribed under various labor laws; cost of employees' insurance against non-occupational disability; cost of or allowances made for employees' benefits; bonus payments; or payments to employees in lieu of vacations, for sick leave, or for maternity leave.

The records supporting the entries in this account should be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

586 SOCIAL SECURITY TAXES

This account shall include the cost, applicable to the accounting period and properly chargeable to communications and meteorology, of the carrier's contribution to old-age benefit and unemployment insurance in accordance with the Social Security tax laws of the United States.

This account shall also include the cost, applicable to the accounting period and properly chargeable to communications and meteorology, of payments made to foreign governments under requirements of law for pension funds of employees whether or not such laws require similar contributions by the employees.

This account shall not include provisions for pensions when the funds are administered by the air carrier or its trustee; such costs shall be charged to account 838, "Pensions and Welfare."

597 PERSONNEL TRAINING EXPENSES

This account shall include all direct expenses incurred in connection with personnel training programs such as personnel salaries, supplies and expenses, travel and incidental, etc., when such expenses are properly chargeable to account group 550, "Communications and Meteorology."

This account shall include the pay of instructors, trainees, apprentices, students, etc., when engaged exclusively in communications and meteorology training.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

This account shall not include the pay of instructors, trainees, apprentices, students, etc., when such communications and meteorology instruction is incidental to the daily routine of their productive employment.

This account shall be kept with sufficient particularity to reveal clearly the amounts and the type or class of each item of expense.

OPERATING EXPENSE ACCOUNTS

COMMUNICATIONS AND METEOROLOGY

599 OTHER COMMUNICATIONS AND METEOROLOGY EXPENSES

This account shall include all communications and meteorology expenses of the air carrier not properly chargeable to communications and meteorology accounts 564 to 597, inclusive.

Item List

Aeronautical radio supervision
Miscellaneous communications and meteorological engineering and experimental supplies
Rent of meteorological and airway communication equipment

OPERATING EXPENSE ACCOUNTS

EQUIPMENT MAINTENANCE—INDIRECT

Account Number	*Account*
600	Equipment Maintenance—Indirect
601	Superintendence—General
602	Superintendence—Assistants
603	Engineers and assistant engineers
609	Purchasing and stores employees
610	Unallocated shop labor
611	Clerks and stenographers
613	Other equipment maintenance employees
614	Travel and incidental expenses
615	Telephone and telegraph
616	Light, heat, power, and water
617	Rents of buildings and offices
618	Office supplies and expenses
619	Engineering supplies and expenses
620	Freight, express, and parcel post
621	Customs, duties, and brokerage
622	Buildings, contents, and liability insurance
623	Employees' compensation and other insurance
626	Uninsured losses—Reserve provision
627	Injuries, loss, and damage
628	Agency services, management, and supervision
629	Joint facilities shared
630	Joint facilities fees and charges
631	Joint facilities—Credit
632	Motorized vehicles expenses
633	Motorized marine equipment expenses
635	Employees' compulsory compensation
636	Social security taxes
637	Stores supplies and expenses
638	Shop supplies and expenses
639	Materials and supplies—Inventory adjustments
640	Shop buildings and equipment repairs
641	Shop buildings and equipment depreciation
647	Personnel training expenses
649	Other equipment maintenance expenses

OPERATING EXPENSE ACCOUNTS

EQUIPMENT MAINTENANCE—INDIRECT

INSTRUCTIONS

1. The accounts in this memorandum account group are designed to record the cost of superintendence and other indirect equipment maintenance expenses.

2. The pay of personnel and other indirect maintenance expenses shall be charged to accounts in this group regardless of the location of the air carrier's maintenance and overhaul bases or of the location of personnel engaged in such work. When repairs are made by the air carrier the charges for direct labor and materials and supplies shall be recorded in the respective account groups provided therefor. The cost of transporting owned and rented property and equipment to and from shops for repair and overhaul shall be included as a part of the cost of materials and supplies used in the repair and overhaul of such property and equipment. Transportation charges, customs duties, etc., shall be included in the cost of repairs when made by outside parties.

3. Indirect equipment maintenance costs included in this memorandum account group shall be allocated to the appropriate equipment maintenance burden accounts as overhead or burden expense in connection with repair of property and equipment. Proration of such burden expense shall be based upon the total cost of productive maintenance shop labor performed. If the air carrier proposes to prorate burden expense on any basis other than productive labor cost, permission to do so shall first be obtained from the Economic Bureau of the Civil Aeronautics Board.

4. When supervisory personnel, such as crew chiefs, inspectors, foremen, and supervisors, are engaged in direct labor in connection with equipment maintenance, the proportionate part of their salaries and wages shall be charged to the direct labor accounts.

5. The accounts in this group shall not include the salaries and expenses of maintenance personnel when engaged in ground servicing duties. Such salaries and expenses shall be charged to account 509, "Servicing Employees," or to account 537, "Servicing Supplies and Expenses."

OPERATING EXPENSE ACCOUNTS

EQUIPMENT MAINTENANCE—INDIRECT

601 SUPERINTENDENCE—GENERAL

This account shall include the pay, properly chargeable to this account, of officers and supervisory employees engaged in the general supervision of maintenance, overhaul, and repair of property and equipment.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Airport radio maintenance supervisors
Communications superintendents or supervisors in charge of maintenance
Division superintendents or supervisors in charge of maintenance
Regional superintendents or supervisors in charge of maintenance
Shop superintendents
Superintendents of maintenance
System superintendents or supervisors in charge of maintenance
Vice-presidents in charge of maintenance

602 SUPERINTENDENCE—ASSISTANTS

This account shall include the pay, properly chargeable to this account, of assistant supervisory employees engaged in the supervision of maintenance, overhaul, and repair of property and equipment.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Assistant communications superintendents in charge of maintenance
Assistant division superintendents in charge of maintenance
Assistant regional superintendents in charge of maintenance
Assistant shop superintendents
Assistant superintendents of maintenance
Assistant system superintendents in charge of maintenance
Assistants to vice-presidents in charge of maintenance
Chief inspectors—Maintenance
General foremen
Maintenance personnel managers
Maintenance shop foremen
Superintendents or supervisors of apprentice mechanics
Superintendents or supervisors of fleet service
Superintendents or supervisors of line maintenance
Superintendents or supervisors of maintenance regulations
Superintendents or supervisors of overhaul
Superintendents or supervisors of repair base
Chief, paint department
Chief, propeller shop
Chief, motor overhaul
Chief, instrument shop
Chief, metal shop
Chief, plane service
Chief, fabric department
Chief, engine assembly
Chief, plane overhaul

603 ENGINEERS AND ASSISTANT ENGINEERS

This account shall include the pay, properly chargeable to this account, of engineers, assistant engineers, and draftsmen.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Apprentice chemists
Apprentice engineers
Assistant to division engineers
Chemists
Chief engineers
Construction engineers
Design engineers
Electrical engineers
General engineers
Junior engineers
Maintenance engineers
Materials engineers
Mechanical installation engineers
Plant engineers
Project engineers
Radio engineers
Research engineers
Test engineers
Vice-presidents—Engineering
Vice-presidents—Safety

609 PURCHASING AND STORES EMPLOYEES

This account shall include the pay, properly chargeable to this account, of supervisory and assistant supervisory employees in the purchasing and stores departments, and employees engaged in purchasing, receiving, storing, handling, and recording materials and supplies.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

The pay of clerks and stenographers in the purchasing and stores departments shall be included in account 611, "Clerks and Stenographers."

Item List

Apprentice stock room clerks
Assistant managers of stores
Assistant storekeepers
Chief storekeepers
Clerks
Fuel control men
Helpers at storerooms
Inventory clerks
Managers of stores
Purchasing representatives and assistants
Stock control clerks
Stock handlers
Stock inspectors
Stock record clerks
Stock truck drivers
Stock room clerks
Storekeepers

610 UNALLOCATED SHOP LABOR

This account shall include the unallocated pay of crew chiefs, inspectors, mechanics, and shop cleaners engaged in duties of a general nature which cannot be charged to a specific job or type of work.

The vacation and sick leave pay of crew chiefs, mechanics, and shop cleaners, whether on an hourly or fixed salary basis, shall be charged to this account. If sick leave is covered by insurance this account shall be credited with the insurance collected.

611 CLERKS AND STENOGRAPHERS

This account shall include the pay, properly chargeable to this account, of all secretaries, stenographers, and general clerks.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Clerks
Secretaries
Stenographers and typists
Switchboard operators

613 OTHER EQUIPMENT MAINTENANCE EMPLOYEES

This account shall include the pay, properly chargeable to equipment maintenance, of all employees whose pay is not properly chargeable to accounts 601 to 611, inclusive.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Airline watchmen
Apprentice maintenance clerks
Chief of guards
Cost clerks
Guards
Maintenance clerks
Maintenance pay-roll clerks
Maintenance production clerks
Maintenance timekeepers
Timekeepers
Truck drivers
Watchmen

614 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 601 to 613, inclusive.

Travel and other incidental expenses in connection with specific repair jobs shall not be charged to this account but to the appropriate repair accounts.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

Item List

Gasoline or mileage allowances
Hotel, rooms, etc.
Laundry
Meals
Memberships in business and social clubs
Motorized vehicles rents
Passport expenses
Photographs
Physical examinations
Taxicab expenses
Tips and special fees
Transfer and moving expenses
Travel fares
Uniforms and cleaning

615 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to equipment maintenance, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also with amounts collected from others applicable to amounts chargeable to this account.

Item List

Long distance calls and tolls
Long lines communication
Private line teletype service
Switchboard rents and charges
T. W. X. teletype service
Telegraph circuit rents and installation costs
Telemeter charges
Telephone installation and service charges
Teletype rents and charges

546193°—44——19

INTENTIONAL SECOND EXPOSURE

614 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 601 to 613, inclusive.

Travel and other incidental expenses in connection with specific repair jobs shall not be charged to this account but to the appropriate repair accounts.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

Item List

Gasoline or mileage allowances
Hotel, rooms, etc.
Laundry
Meals
Memberships in business and social clubs
Motorized vehicles rents
Passport expenses
Photographs
Physical examinations
Taxicab expenses
Tips and special fees
Transfer and moving expenses
Travel fares
Uniforms and cleaning

615 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to equipment maintenance, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also with amounts collected from others applicable to amounts chargeable to this account.

Item List

Long distance calls and tolls
Long lines communication
Private line teletype service
Switchboard rents and charges
T. W. X. teletype service
Telegraph circuit rents and installation costs
Telemeter charges
Telephone installation and service charges
Teletype rents and charges

546193°—44——19

616 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water, and air conditioning used in buildings, hangars, shops, offices, and storage space, wherever located, when used for the maintenance, overhaul, and repair of property and equipment, or for offices of supervisory maintenance employees.

617 RENTS OF BUILDINGS AND OFFICES

This account shall include rents currently accrued or paid, properly chargeable to equipment maintenance, for the use of buildings, hangars, shops, offices, and storage space, wherever located, when used for the maintenance, overhaul, and repair of property and equipment, or for offices of supervisory maintenance employees.

When rented property is leased to a third party the rental income, and rent expense or proportionate part thereof, shall be carried in account 323, "Rental from Operating Property—Net."

When rented property is leased to an affiliate the rental income, and the rent expense or proportionate part thereof, shall be carried in account 326, "Affiliated Companies and Interdivisional Revenues."

618 OFFICE SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to equipment maintenance, of office supplies, rents of office equipment, and other incidental office expenses.

When rental agreements include maintenance and repair of office equipment such cost shall be included in this account. When maintenance or repairs of office equipment is performed by the carrier or outside parties the cost shall not be included in this account but in account 640, "Shop Buildings and Equipment Repairs."

Item List

Aircraft log forms
Aviation and railway guides
Business cards
Clock service
Home study courses
Newspapers and periodicals
Office stationery and printing
Office supplies
Overtime meal allowances
Postage and postal charges
Rents of office equipment
Signs
Teletype paper

619 ENGINEERING SUPPLIES AND EXPENSES

This account shall include miscellaneous expenses and the cost of miscellaneous supplies, applicable to the accounting period and properly chargeable to equipment maintenance, for the engineering department of the air carrier which cannot be charged directly to a specific job or type of work.

Item List

Blue prints
Expendable engineering instruments
Publications
Sample materials

620 FREIGHT, EXPRESS, AND PARCEL POST

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to equipment maintenance, of freight, express, and parcel post charges on materials and supplies shipped to various points on the carrier's line when such charges are not considered to be a part of the cost of the materials and supplies.

To this account shall also be charged amounts paid or accrued for shipments received by freight, express, or parcel post from outside companies when such charges are not a part of the cost of the materials and supplies.

Item List

Cartage charges on shipments
Docking charges
Express charges
Freight charges
Lighterage
Parcel post charges

621 CUSTOMS, DUTIES, AND BROKERAGE

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to equipment maintenance, of customs, duties, and brokerage charges covering materials and supplies received or exported when such charges are not a part of the cost of the materials and supplies.

Item List

Bonding charges on shipments
Brokerage fees—Handling charges
Customs service charges
Landing charges and fees
Revenue stamps for documents

622 BUILDINGS, CONTENTS, AND LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period and properly chargeable to equipment maintenance, of fire, windstorm, loss and damage, public liability and property damage, insurance covering buildings, equipment, motorized vehicles, and materials and supplies.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

623 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life, and accident insurance covering employees engaged in equipment maintenance when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 979, "Other Deductions from Gross Income."

The cost of employees' group insurance and insurance against nonoccupational disability shall be charged to account 838, "Pensions and Welfare."

626 UNINSURED LOSSES—RESERVE PROVISION

When the air carrier has complied with the requirements governing the use of a reserve for uninsured losses as set forth in account 293, "Reserve for Uninsured Losses," this account shall be charged with the accruals to the reserve when such accruals are properly chargeable to equipment maintenance. Adjustments to the reserve account shall also be concurrently charged or credited to this account.

No entries other than those specified in the preceding paragraph shall be made in this account.

627 INJURIES, LOSS, AND DAMAGE

This account shall include the remainder of losses, resulting from accidents or casualties properly chargeable to equipment maintenance expenses, carried over from account 174, "Other Deferred Charges."

This account shall be charged directly with expenses resulting from minor accidents where such expenses are not treated as ordinary repairs and for which no subaccount has been established under account 174, "Other Deferred Charges."

Pensions paid employees on account of injuries sustained in line of duty shall be charged to account 838, "Pensions and Welfare."

628 AGENCY SERVICES, MANAGEMENT, AND SUPERVISION

This account shall include the amounts accruing against the air carrier, and properly chargeable to equipment maintenance, for its proportion of the costs incurred by parent or other affiliated companies in connection with operating agreements, general agency agreements, or other agreements not involving joint use of facilities.

This account shall also include fees and expenses, properly chargeable to equipment maintenance, payable to a parent or other affiliated company for continuously rendered supervision and management.

This account shall be credited with all fees and expenses, not involving joint use of facilities, originally incurred by the air carrier and accruing against parent or other affiliated companies in connection with equipment maintenance.

Any excess of fees charged affiliated companies over costs incurred by the carrier, in connection with services performed for such affiliated companies, shall not be credited to this account but to account 326, "Affiliated Companies and Interdivisional Revenues."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

629 JOINT FACILITIES SHARED

This account shall include the amounts accruing against the air carrier, and properly chargeable to equipment maintenance, for its proportion of the costs incurred by others in maintaining facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the carrier on the basis of landings, ton-landings, schedules, or other actual use basis.

Costs and fees charged the air carrier in connection with general agency agreements and other agreements with affiliated companies, not involving joint use of facilities, shall not be included in this account but in account 628, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge; the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

630 JOINT FACILITIES FEES AND CHARGES

This account shall include the amounts accruing against the air carrier, and properly chargeable to equipment maintenance, for its proportion of the costs incurred by others in maintaining facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the air carrier on any basis other than landings, ton-landings, schedules, or other actual use basis.

Costs and fees charged by others for maintaining facilities in a "stand-by" condition shall be included in this account.

Costs and fees charged the air carrier in connection with general agency agreements and other agreements with affiliated companies, not involving joint use of facilities, shall not be included in this account but in account 628, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge, the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

631 JOINT FACILITIES—CREDIT

This account shall include the amounts chargeable against others, and properly credited to equipment maintenance, as their proportion of the costs incurred by the air carrier in maintaining facilities in the joint use of which others participate.

Costs charged against affiliated companies in connection with general agency agreements and other agreements, not involving joint use of facilities, shall not be credited to this account but to account 628, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company charged, the periods covered, and the nature, purpose, and amount of each item of expense allocated.

632 MOTORIZED VEHICLES EXPENSES

This account shall include the cost, properly chargeable to equipment maintenance, of operation of motorized vehicles, including rents and *excluding* repairs and depreciation.

The cost of repairs and overhaul shall be charged to accounts 902, "Motorized Vehicles and Equipment Repairs—Direct", and 922, "Motorized Vehicles and Equipment Repairs—Burden"; and depreciation shall be charged to account 8525, "Depreciation—Motorized Vehicles and Equipment."

This account shall not include cost of hire of motorized vehicles used by officers and employees specifically chargeable to account 614, "Travel and Incidental Expenses."

Item List

Anti-freeze
Frost shields
Gasoline
Grease
Oil
Parking fees
Tolls

633 MOTORIZED MARINE EQUIPMENT EXPENSES

This account shall include the cost, properly chargeable to equipment maintenance, of operation of motorized marine equipment, including rents and *excluding* repairs and depreciation.

The cost of repairs and overhaul shall be charged to accounts 903, "Motorized Marine Equipment Repairs—Direct," and 923, "Motorized Marine Equipment Repairs—Burden;" and depreciation shall be charged to account 8526, "Depreciation—Motorized Marine Equipment."

This account shall not include cost of hire of motorized marine equipment used by officers and employees specifically chargeable to account 614, "Travel and Incidental Expenses."

546193°—44——20

635 EMPLOYEES' COMPULSORY COMPENSATION

This account shall include the cost, applicable to the accounting period and properly chargeable to equipment maintenance, of payments to employees, upon separation from the services of the air carrier, in accordance with the labor laws of various countries in which the air carrier operates.

In the event the air carrier elects to use a reserve for compulsory compensation, as outlined in account 274, "Reserve for Compulsory Compensation," this account shall be charged with the accruals to such reserve when the charges are properly included in equipment maintenance.

Penalty or indemnity payments to governmental agencies, or carrier personnel, for dismissal of employees without notice or without due cause, shall be charged to this account during the accounting period such costs are incurred.

This account shall not include employees' compensation insurance prescribed under various labor laws; cost of employees' insurance against non-occupational disability; cost of or allowances made for employees' benefits; bonus payments; or payments to employees in lieu of vacations, for sick leave, or for maternity leave.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

636 SOCIAL SECURITY TAXES

This account shall include the cost, applicable to the accounting period and properly chargeable to equipment maintenance, of the air carrier's contribution to old age benefit and unemployment insurance in accordance with the Social Security tax laws of the United States.

This account shall also include the cost, applicable to the accounting period and properly chargeable to equipment maintenance, of payments made to foreign governments under requirements of law for pension funds of employees whether or not such laws require similar contributions by the employees.

This account shall not include provisions for employee pensions when the funds are administered by the air carrier or its trustee; such costs shall be charged to account 838, "Pensions and Welfare."

637 STORES SUPPLIES AND EXPENSES

This account shall include the cost of miscellaneous supplies for stock and storerooms of the air carrier and miscellaneous expenses in connection with wrapping, crating, storing, and handling parts, materials, and supplies.

Item List

Containers for materials and supplies
Glue
Gummed tape
Labels
Lumber
Pencils and crayons
Scissors
Shipping supplies
Twine
Wiping rags
Wrapping paper

638 SHOP SUPPLIES AND EXPENSES

This account shall include the cost, or proportionate part thereof, of miscellaneous materials and supplies used in and about repair shops in the repair of property and equipment, the cost of which cannot be charged to a specific job or type of work; rents, royalties, and license fees on special shop equipment; and miscellaneous expenses incurred in equipment maintenance hangars and overhaul shops.

Other indirect expenses, such as stationery, rent, light, heat, power, water, postage, etc., shall be charged to the accounts provided for such charges within the equipment maintenance group.

Item List

Acetylene
Ash removal
Bolts
Brushes
Cleaning supplies
Compressed air and gases
Cotter pins
Demurrage on cylinders
Drills
Exterminator compound
First-aid supplies
Flashlights and batteries
Gloves
Hacksaw blades
Laundering rags
License fees
Light bulbs
Mops
Nuts
Padlocks and keys
Paint
Polish
Raincoats.
Rubber boots
Sawdust
Screws
Small tools
Small signs
Snow shovels
Towel service
Washers
Washing compounds, soaps and insecticides
Washroom supplies
Watchmen service
Wiping rags

639 MATERIALS AND SUPPLIES—INVENTORY ADJUSTMENTS

This account shall include inventory adjustments of the value of materials and supplies recorded in accounts 109, "Materials and Supplies," and 120, "Non-Current Inventories."

Inventory adjustments are defined to include shortages, overages, wastage, spoilage, and shrinkage.

Profit and loss on the sale of inventory items shall not be included in this account but in account 322, "Service Sales—Net."

640 SHOP BUILDINGS AND EQUIPMENT REPAIRS

This account shall include the pay of employees and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of shop buildings and of all shop and hangar machinery, test, experimental, and repair equipment used in maintenance operations. It shall also include such costs in connection with equipment of these classes when rented or on consignment.

Cost of direct labor, either on an hourly or salary basis, and materials and supplies used in the direct repair of property specified in the preceding paragraph, shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific repair job on property of these classes.

641 SHOP BUILDINGS AND EQUIPMENT DEPRECIATION

This account shall include the charges applicable to the accounting period covering depreciation on the service value of shop buildings and of all shop and hangar machinery, test, experimental, and repair equipment used in maintenance operations calculated in accordance with instructions pertaining to account 250, "Accrued Depreciation—Operating Property and Equipment."

647 PERSONNEL TRAINING EXPENSES

This account shall include all direct expenses incurred in connection with personnel training programs such as personnel salaries, supplies and expenses, travel and incidental, etc., when such expenses are properly chargeable to account group 600, "Equipment Maintenance—Indirect."

This account shall include the pay of instructors, trainees, apprentices, students, etc., when engaged exclusively in ground maintenance training.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

This account shall not include the pay of instructors, trainees, apprentices, students, etc., when such maintenance instruction is incidental to the daily routine of their productive employment.

This account shall be kept with sufficient particularity to reveal clearly the amounts and the type or class of each item of expense.

OPERATING EXPENSE ACCOUNTS

EQUIPMENT MAINTENANCE—INDIRECT

649 OTHER EQUIPMENT MAINTENANCE EXPENSES

This account shall include all equipment maintenance expenses of the air carrier not properly chargeable to equipment maintenance accounts 614 to 647, inclusive.

OPERATING EXPENSE ACCOUNTS

PASSENGER SERVICE

Account Number	*Account*
650	Passenger Service
651	Superintendence
660	Pursers, stewards, and stewardesses
661	Clerks and stenographers
663	Other passenger service employees
664	Travel and incidental expenses
665	Telephone and telegraph
666	Light, heat, power, and water
667	Rents of buildings and offices
668	Office supplies and expenses
670	Freight, express, and parcel post
671	Customs, duty, and brokerage
672	Buildings, contents, and liability insurance
673	Employees' compensation and other insurance
674	Passenger liability insurance
676	Uninsured losses—Reserve provision
677	Injuries, loss, and damage
678	Agency Services, management, and supervision
679	Joint facilities shared
680	Joint facilities fees and charges
681	Joint facilities—Credit
682	Motorized vehicles expenses
685	Employees' compulsory compensation
686	Social Security taxes
687	Passenger supplies and expenses
688	Food expense—Caterers
689	Food expense—Company restaurants
690	Company hotels expense
691	Clearance fees and expenses
692	Interrupted trips expenses
697	Personnel training expenses
699	Other passenger service expenses

OPERATING EXPENSE ACCOUNTS

PASSENGER SERVICE

INSTRUCTIONS

1. The accounts in this group are designed to record expenses incurred by the air carrier in providing meals, sleeping accommodations, and other facilities and services contributing to the comfort of passengers while in flight; passenger expenses in connection with interrupted trips, passenger liability insurance, and injuries, loss, and damage expenses in excess of insurance coverage.

2. The accounts in this group shall not include expenses incurred in securing or selling passenger transportation, handling passengers on the ground, reservation of space, ticketing and ramp services, and other expenses for which accounts are provided in other expense groups.

OPERATING EXPENSE ACCOUNTS

PASSENGER SERVICE

651 SUPERINTENDENCE

This account shall include the pay, properly chargeable to this account, of supervisory employees engaged in general supervision of passenger service.

This account shall include the pay of instructors and trainees when such passenger service instruction is incidental to the daily routine of their productive employment.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

The pay of full time instructors and trainees shall be charged to account 697, "Personnel Training Expenses."

This account shall not be charged with the pay of personnel directly engaged in the supervision of company hotels, restaurants, and kitchens. Such pay shall be charged to account 321, "Hotel, Restaurant, and Food Service—Net."

Item List

Chief hostesses (not flying)
Chief pursers (not flying)
Chief stewardesses (not flying)
Dieticians
Directors of passenger service
Managers of dining service
Managers of passenger service
Superintendents in charge of pursers, stewards, or stewardesses
Superintendents or supervisor of passenger service
Supervisors of food service

660 PURSERS, STEWARDS, AND STEWARDESSES

This account shall include the pay, properly chargeable to this account, of pursers, stewards, stewardesses, and hostesses when in flight status.

This account shall include the pay of instructors and trainees when such passenger service instruction is incidental to the daily routine of their productive employment.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

The pay of full-time instructors and trainees shall be charged to account 697, "Personnel Training Expenses."

This account shall not include the pay of pursers, stewards, and stewardesses assigned to speaking tours, exhibitions, conventions, etc. Such pay shall be charged to advertising and publicity or other appropriate expense groups.

Item List

Chief hostesses (flying)
Chief pursers (flying)
Chief stewards (flying)
Chief stewardesses (flying)
Hostesses
Pursers
Stewards
Stewardesses

661 CLERKS AND STENOGRAPHERS

This account shall include the pay, properly chargeable to this account, of all secretaries, stenographers, and general clerks.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Clerks
Secretaries
Stenographers and typists
Switchboard operators
Telephone operators

663 OTHER PASSENGER SERVICE EMPLOYEES

This account shall include the pay, properly chargeable to passenger service, of all employees whose pay is not properly chargeable to accounts 651 to 661, inclusive.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

This account shall not be charged with the pay of personnel employed in company hotels, restaurants, and kitchens. Such pay shall be charged to account 321, "Hotel, Restaurant, and Food Service—Net."

664 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 651 to 663, inclusive.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

Item List

Gasoline and mileage allowances
Hotel, rooms, etc.
Interrupted trips expenses
Laundry
Meals
Memberships in business or social clubs
Motorized vehicles rents
Passport expenses
Photographs
Physical examinations
Taxicab expenses
Tips and special fees
Transfer and moving expenses
Travel fares
Uniforms and cleaning

665 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to passenger service, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also amounts collected from others applicable to amounts chargeable to this account.

The cost of passenger telephone calls, telegrams, cablegrams, and radiograms incurred in connection with interrupted trips shall be charged to account 692, "Interrupted Trips Expenses."

Item List

Long distance calls and tolls
Long lines communication
Private line teletype
Switchboard rents and charges
T. W. X. teletype service
Telegraph circuit rents and installation costs
Telemeter charges
Telephone installation and service charges
Teletype rents and charges

666 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water, and air conditioning used in buildings, offices, and storage space, wherever located, when used in passenger service operations or for offices of passenger service supervisory employees.

Such expenses in connection with company hotels, and restaurants shall not be charged to this account but to account 321, "Hotel, Restaurant, and Food Service—Net."

667 RENTS OF BUILDINGS AND OFFICES

This account shall include the rents currently accrued or paid for the use of buildings, offices, and storage space, wherever located, when used in passenger service operation or for offices of supervisory passenger service employees.

Such expenses in connection with company hotels and restaurants shall not be charged to this account but to account 321, "Hotel, Restaurant, and Food Service—Net."

When rented property is leased to a third party the rental income, and rent expense or proportionate part thereof, shall be carried in account 323, "Rental from Operating Property—Net."

When rented property is leased to an affiliate the rental income, and the rent expense or proportionate part therof, shall be carried in account 326, "Affiliated Companies and Interdivisional Revenues."

668 OFFICE SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to passenger service, of office supplies, rents of office equipment, and other incidental office expenses.

When rental agreements include maintenance and repair of office equipment such cost shall be included in this account. When maintenance or repairs of office equipment is performed by the air carrier or outside parties the cost shall not be included in this account but in account 908, "Other Ground Equipment Repairs—Direct," and 928, "Other Ground Equipment Repairs—Burden."

Item List

Aviation and railway guides
Business cards
Clock service
Home study courses
Janitor and window cleaning service
Newspaper and periodicals
Office stationery and printing
Office supplies
Overtime meal allowances
Postage and postal charges
Rents of office equipment
Signs
Teletype paper

670 FREIGHT, EXPRESS, AND PARCEL POST

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to passenger service, of freight, express, and parcel post charges on materials and supplies shipped to various points on the carrier's line when such charges are not considered to be a part of the cost of the materials and supplies.

To this account shall also be charged amounts paid or accrued for shipments received by freight, express, or parcel post from outside companies when such charges are not a part of the cost of the materials and supplies.

Item List

Cartage charges on shipments
Docking charges
Express charges
Freight charges
Lighterage
Parcel post charges

671 CUSTOMS, DUTIES, AND BROKERAGE

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to passenger service, of customs, duties, and brokerage charges covering materials and supplies received or exported when such charges are not a part of the cost of the materials and supplies.

Item List

Bonding charges on shipments
Brokerage fees—handling charges
Customs service charges
Landing charges and fees
Revenue stamps for documents

672 BUILDINGS, CONTENTS, AND LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period and properly chargeable to passenger service, of fire, windstorm, loss and damage, public liability and property damage, insurance covering buildings, equipment, motorized vehicles, and materials and supplies.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance coverage on hotel, restaurant, and food service equipment shall not be charged to this account but to account 321, "Hotel, Restaurant, and Food Service—Net."

673 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life, and accident insurance covering employees engaged in passenger service when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 979, "Other Deductions from Gross Income."

The cost of employees' group insurance and insurance against nonoccupational disability shall be charged to account 838, "Pensions and Welfare."

674 PASSENGER LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period, of passenger liability insurance covering the liability of the air carrier for casualties resulting in loss of life or injuries to passengers and loss or damage to passengers' baggage and other personal property.

This account shall be credited with all returns and refunds from insurance companies applicable to the cost of insurance carried in this account.

676 UNINSURED LOSSES—RESERVE PROVISION

When the air carrier has complied with the requirements governing the use of a reserve for uninsured losses as set forth in account 293, "Reserve for Uninsured Losses," this account shall be charged with the accruals to the reserve when such accruals are properly chargeable to passenger service. Adjustments of the accruals to the reserve account shall also be concurrently charged or credited to this account.

No entries other than those specified in the preceding paragraph shall be made in this account.

677 INJURIES, LOSS, AND DAMAGE

This account shall include the remainder of losses carried over from account 174, "Other Deferred Charges," in connection with the liability of the air carrier for accidents or casualties resulting in loss of life or injuries to passengers and loss or damage to passengers' baggage and other personal property.

This account shall be charged directly with expenses resulting from minor accidents when such expenses are not treated as ordinary repairs and for which no subaccount has been established under account 174, "Other Deferred Charges."

Pensions paid employees on account of injuries sustained in line of duty shall be charged to account 838, "Pensions and Welfare."

678 AGENCY SERVICES, MANAGEMENT, AND SUPERVISION

This account shall include the amounts accruing against the air carrier, and properly chargeable to passenger service, for its proportion of the costs incurred by parent or other affiliated companies in connection with operating agreements, general agency agreements or other agreements not involving joint use of facilities.

This account shall also include fees and expenses, properly chargeable to passenger service, payable to a parent or other affiliated company for continuously rendered supervision and management.

This account shall be credited with all fees and expenses, not involving joint use of facilities, originally incurred by the air carrier and accruing against parent or other affiliated companies in connection with passenger service.

Any excess of fees charged affiliated companies over costs incurred by the carrier in connection with services performed for such affiliated companies, shall not be credited to this account but to account 326, "Affiliated Companies and Interdivisional Revenues."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

679 JOINT FACILITIES SHARED

This account shall include the amounts accruing against the air carrier, and properly chargeable to passenger service, for its proportion of the costs incurred by others in operating facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the carrier on the basis of landings, ton-landings, schedules, or other actual use basis.

Costs and fees charged the air carrier in connection with general agency agreements and other agreements with affiliated companies, not involving joint use of facilities, shall not be included in this account but in account 678, "Agency Services, Management and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge, the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

680 JOINT FACILITIES FEES AND CHARGES

This account shall include the amounts accruing against the air carrier, and properly chargeable to passenger service, for its proportion of the costs incurred by others in operating facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the air carrier on any basis other than landings, ton-landings, schedules, or other actual use basis.

Costs and fees charged by others for operating facilities in a "stand-by" condition shall be included in this account.

Costs and fees charged the air carrier in connection with general agency agreements and other agreements with affiliated companies, not involving joint use of facilities, shall not be included in this account but in accounts 678, "Agency Services, Management and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge; the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

681 JOINT FACILITIES—CREDIT

This account shall include the amounts chargeable against others, and properly credited to passenger service, as their proportion of the costs incurred by the air carrier in operating facilities in the joint use of which others participate.

Costs charged against affiliated companies in connection with general agency agreements and other agreements, not involving joint use of facilities, shall not be credited to this account but to account 678, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company charged, the periods covered and the nature, purpose, and amount of each item of expense allocated.

682 MOTORIZED VEHICLES EXPENSES

This account shall include the cost, properly chargeable to passenger service, of operation of motorized vehicles, including rents and *excluding* repairs and depreciation.

The cost of repairs and overhaul shall be charged to accounts 902, "Motorized Vehicles and Equipment Repairs—Direct," and 922, "Motorized Vehicles and Equipment Repairs—Burden"; and depreciation shall be charged to account 8525, "Depreciation—Motorized Vehicles and Equipment."

This account shall not include cost of hire of motorized vehicles used by officers and employees specifically chargeable to account 664, "Travel and Incidental Expenses."

685 EMPLOYEES' COMPULSORY COMPENSATION

This account shall include the cost, applicable to the accounting period and properly chargeable to passenger service, of payments to employees, upon separation from the services of the air carrier, in accordance with the labor laws of various countries in which the carrier operates.

In the event the air carrier elects to use a reserve for compulsory compensation, as outlined in account 274, "Reserve for Compulsory Compensation," this account shall be charged with the accruals to such reserve when the charges are properly included in passenger service.

Penalty or indemnity payments to governmental agencies, or carrier personnel, for dismissal of employees without notice or without due cause, shall be charged to this account during the accounting period such costs are incurred.

This account shall not include employees' compensation insurance prescribed under various labor laws; cost of employees' insurance against non-occupational disability; cost of or allowances made for employees' benefits; bonus payments; or payments to employees in lieu of vacations, for sick leave, or for maternity leave.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

686 SOCIAL SECURITY TAXES

This account shall include the cost, applicable to the accounting period and properly chargeable to passenger service, of the carrier's contribution to old age benefit and unemployment insurance in accordance with the Social Security tax laws of the United States.

This account shall also include the cost, applicable to the accounting period and properly chargeable to passenger service, of payments made to foreign governments under requirements of law for pension funds of employees whether or not such laws require similar contributions by the employees.

This account shall not include provisions for pensions when the funds are administered by the air carrier or its trustee; such costs shall be charged to account 838, "Pensions and Welfare."

687 PASSENGER SUPPLIES AND EXPENSES

This account shall include the cost of miscellaneous expendable supplies placed aboard aircraft for the use and comfort of passengers.

This account shall be charged with the value of spare items issued from inventory, account 109, "Materials and Supplies," for replacement of individual items included in aircraft passenger service equipment complements.

This account shall not include the cost of food prepared for service to passengers; the cost of such food shall be charged to account 688, "Food Expense—Caterers," or to account 689, "Food Expense—Company Restaurants." It shall not include the cost of operating hotels for accommodating passengers free of charge; such expenses shall be charged to account 690, "Company Hotels Expense." It shall not include passenger expenses incurred in connection with interrupted trips; such expenses shall be charged to account 692, "Interrupted Trips Expenses."

Item List

Air sickness containers
Aviation and railway guides
Booklets
Brushes
Cigarettes
Cleaning supplies
Coat hangers
Combs
Drugs
Flowers
Glassware
Gum
Hand towels
Ice
Lavatory supplies
Location card notices
Magazines
Matches
Medical supplies
Menus
Newspapers
Occupied-seat cards
Oxygen for passengers
Pantry supplies
Paper plates, cups, and napkins
Paper slippers
Playing cards
Postage
Ship laundry
Sleeper bags
Soap
Stationery and printing

688 FOOD EXPENSE—CATERERS

This account shall include the cost of prepared food purchased by the air carrier from caterers for service to passengers.

This account shall not include the cost of food for service to passengers prepared in company operated restaurants and kitchens. The cost of such food shall be charged to account 689, "Food Expense—Company Restaurants."

The cost of food prepared for service to flight crews, *except* pursers, stewards, or stewardesses, shall be charged to account 357, "Flight Crew Supplies and Expenses"; for service to pursers, stewards, and stewardesses such costs shall be charged to account 664, "Travel and Incidental Expenses."

689 FOOD EXPENSE—COMPANY RESTAURANTS

This account shall include the estimated cost of food prepared in company operated restaurants and kitchens for service to passengers. The estimated cost shall be based upon a fair estimate by the air carrier of the proportionate cost of such food.

Charges to this account shall be concurrently credited to account 321, "Hotel, Restaurant, and Food Service—Net."

The cost of food prepared for service to flight crews, *except* pursers, stewards, or stewardesses, shall be charged to account 357, "Flight Crew Supplies and Expenses"; for service to pursers, stewards, and stewardesses such costs shall be charged to account 664, "Travel and Incidental Expenses."

690 COMPANY HOTELS EXPENSE

This account shall include the estimated cost of operating hotels for accommodating passengers without charge. The estimated cost shall be based upon a fair estimate by the air carrier of the proportionate cost of such special service.

Charges to this account shall be concurrently credited to account 321, "Hotel, Restaurant, and Food Service—Net."

The cost of operating hotels for accommodating flight crews, *except* pursers, stewards, or stewardesses, shall be charged to account 357, "Flight Crew Supplies and Expenses"; and such service supplied pursers, stewards, and stewardesses shall be charged to account 664, "Travel and Incidental Expenses."

691 CLEARANCE FEES AND EXPENSES

This account shall include the costs, properly chargeable to passenger service, of entrance and clearance fees and expenses of passengers. To this account shall be charged the cost of bills of health, visas, inspectors' fees, stamp taxes, etc., in connection with entry and clearance of passengers.

Item List

Bills of health
Clearing charges covering passengers and baggage
Consul fees
Custom officers fees
Port doctor fees
Transportation of immigration and custom officials to and from airports
Overtime paid customs inspectors and appraisers

692 INTERRUPTED TRIPS EXPENSES

This account shall include all passenger expenses incurred by the air carrier in connection with interrupted trips.

This account shall not include expense of company-owned hotels occasioned by interrupted trips; such estimated costs shall be charged to account 690, "Company Hotels Expense." It shall not include expenses incurred by employees of the air carrier in connection with interrupted trips; such expenses shall be charged to travel and incidental expense accounts within the expense groups to which such employees' salaries are charged.

Item List

Claim settlements
Express and freight on baggage
Hotel expenses
Meals
Motorized vehicles rents
Railroad and auto bus fares
Taxicab fares
Telephone and telegraph expenses

697 PERSONNEL TRAINING EXPENSES

This account shall include all direct expenses incurred in connection with personnel training programs such as personnel salaries, supplies and expenses, travel and incidental, etc., when such expenses are properly chargeable to account group 650, "Passenger Service."

This account shall include the pay of instructors, trainees, apprentices, students, etc., when engaged exclusively in passenger service training.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

This account shall not include the pay of instructors, trainees, apprentices, students, etc., when such passenger service instruction is incidental to the daily routine of their productive employment.

This account shall be kept with sufficient particularity to reveal clearly the amounts and the type or class of each item of expense.

699 OTHER PASSENGER SERVICE EXPENSE

This account shall include all passenger service expenses of the air carrier not properly chargeable to accounts 664 to 697, inclusive.

It shall include the cost of cab guarantees and transportation of passengers beween city ticket offices, *excluding* limousine revenue service which is properly chargeable to account 324, "Limousine Service—Net." It shall also include the expenses incurred by the air carrier in connection with detained passengers when such detention is not occasioned by interrupted flights.

This account shall also include the cost of operation, including rents, of motorized marine equipment used in passenger service. The cost of repairs and overhaul of all motorized marine equipment used in passenger service shall be charged to accounts 903, "Motorized Marine Equipment Repairs—Direct," and 923, "Motorized Marine Equipment Repairs—Burden"; and depreciation on motorized marine equipment used in passenger service shall be charged to account 8526, "Depreciation—Motorized Marine Equipment."

OPERATING EXPENSE ACCOUNTS

TRAFFIC AND SALES

Account Number	*Account*
700	Traffic and Sales
701	Superintendence
702	Superintendence—Assistants
704	Passenger and ticket agents and reservations personnel
711	Clerks and stenographers
712	Sales managers, agents, and solicitors
713	Other traffic and sales employees
714	Travel and incidental expenses
715	Telephone and telegraph
716	Light, heat, power, and water
717	Rents of buildings and offices
718	Office supplies and expenses
720	Freight, express, and parcel post
721	Customs, duties, and brokerage
722	Buildings, contents, and liability insurance
723	Employees' compensation and other insurance
724	Express and freight liability insurance
728	Agency services, management, and supervision
729	Joint facilities shared
730	Joint facilities fees and charges
731	Joint facilities—Credit
732	Motorized vehicles expenses
734	Consolidated city ticket office expenses
735	Employees' compulsory compensation
736	Social Security taxes
737	Commissions—Outside agents
738	Commissions—Affiliated companies and divisions
739	Tariffs and schedules
747	Personnel training expenses
749	Other traffic and sales expenses

OPERATING EXPENSE ACCOUNTS

TRAFFIC AND SALES

701 SUPERINTENDENCE

This account shall include the pay properly chargeable to this account, of officers and supervisory employees engaged in the general supervision of traffic and sales.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Airport traffic managers
Directors of mail and express
Division sales managers
Division traffic managers
Express managers
Express superintendents
General sales managers
General traffic managers
Managers of agency and foreign departments
Managers of air mail and express
Managers of passenger sales
Superintendents of ticket offices
Traffic sales managers
Vice-presidents and general traffic managers
Vice-presidents—Sales
Vice-presidents—traffic

702—SUPERINTENDENCE—ASSISTANTS

This account shall include the pay, properly chargeable to this account, of assistant supervisory employees engaged in the supervision of traffic and sales.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Assistant directors of mail and express
Assistant express managers
Assistant managers of agency and foreign departments
Assistant managers of mail and express
Assistant managers of passenger sales
Assistant sales managers
Assistant superintendents of ticket offices
Assistants to general traffic managers
Assistants to traffic sales managers
Assistants to vice-president and traffic managers
Assistants to vice-presidents—sales
Assistants to vice-presidents—traffic
Field supervisors—passenger sales and agency departments
Interline traffic managers
Managers of rates, schedules, and research
Managers of student education
Regional traffic and sales managers
Superintendents of sales procedure—and assistants
Supervisors of regulations and training

704 PASSENGER AND TICKET AGENTS AND RESERVATIONS PERSONNEL

This account shall include the pay, properly chargeable to this account, of all personnel engaged in handling passengers, and selling tickets at city traffic offices and city sales offices and all personnel engaged primarily in handling reservations at all locations.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

The pay of personnel engaged in handling passengers and ticket sales at airports shall not be charged to this account but to account 504, "Passenger and Ticket Agents."

Item List

Counter salesmen
Passenger agents
Reservation agents
Reservation clerks
Ticket agents
Ticket salesmen

711 CLERKS AND STENOGRAPHERS

This account shall include the pay, properly chargeable to this account, of all secretaries, stenographers, and general clerks.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Clerks
Secretaries
Stenographers and typists
Switchboard operators
Telephone operators

712 SALES MANAGERS, AGENTS, AND SOLICITORS

This account shall include the pay, properly chargeable to this account, of all personnel engaged in the solicitation of traffic.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

The pay of personnel engaged in handling passengers and ticket sales at airports shall not be charged to this account but to account 504, "Passenger and Ticket Agents."

Item List

Agency representatives and assistants
City sales managers and assistants
City traffic managers and assistants
District sales managers and assistants
District traffic managers and assistants
Division traffic managers and assistants
Office managers and assistants
Solicitors and salesmen
Traffic representatives

713 OTHER TRAFFIC AND SALES EMPLOYEES

This account shall include the pay, properly chargeable to traffic and sales, of all employees whose pay is not properly chargeable to accounts 701 to 712, inclusive.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Airport guides
Chauffeurs
Couriers
Doormen
Guides for tour services
Janitors
Laborers
Office boys
Porters
Statisticians
Ticket delivery agents
Teletype operators

714 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 701 to 713, inclusive.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

Item List

Gasoline or mileage allowances
Hotel, rooms, etc.
Laundry
Meals
Memberships in Chambers of Commerce, business or social clubs
Motorized vehicles rents
Passport expenses
Photographs
Physical examinations
Taxicab expenses
Tips and special fees
Transfer and moving expenses
Travel fares
Uniforms and cleaning

715 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to traffic and sales, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also with amounts collected from others applicable to amounts chargeable to this account.

Item List

Long-distance calls and tolls
Long lines communication
Private line teletype service
Switchboard rents and charges
T. W. X. teletype service
Telegraph circuit rents and installation costs
Telemeter charges
Telephone installation and service charges
Teletype rents and charges

716 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water, and air conditioning used in buildings, offices, and storage space, wherever located, when used for traffic and sales or for offices of supervisory traffic and sales employees.

717 RENTS OF BUILDINGS AND OFFICES

This account shall include rents currently accrued or paid for the use of buildings, offices, and storage space, wherever located, when used for traffic and sales or for offices of supervisory traffic and sales employees.

When rented property is leased to a third party the rental income, and rent expense or proportionate part thereof, shall be carried in account 323, "Rental from Operating Property—Net."

When rented property is leased to an affiliate the rental income, and the rent expense or proportionate part thereof, shall be carried in account 326, "Affiliated Companies and Interdivisional Revenues."

718 OFFICE SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to traffic and sales, of office supplies, rents of office equipment, and other incidental office expenses.

When rental agreements include maintenance and repair of office equipment such cost shall be included in this account. When maintenance or repair of office equipment is performed by the air carrier or outside parties the cost shall not be included in this account but in accounts 908, "Other Ground Equipment Repairs—Direct," and 928, "Other Ground Equipment Repairs—Burden."

Postage and stationery used in direct mail advertising shall not be charged to this account but to account 793, "Miscellaneous Promotional Expenses."

Item List

Armored-car service
Aviation and railway guides
Business cards
Clock service
Home study courses
Janitor and window-cleaning service
Messenger service
Newspapers and periodicals
Office supplies
Office stationery and printing
Overtime meal allowances
Postage and postal charges
Radio transmission forms
Rents of office equipment
Reservation forms
Signs
Teletype paper
Towel and coat service

720 FREIGHT, EXPRESS, AND PARCEL POST

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to traffic and sales, of freight, express, and parcel-post, charges on materials and supplies shipped to various points on the carrier's line when such charges are not considered to be a part of the cost of the materials and supplies.

To this account shall be charged amounts paid or accrued for shipments received by freight, express, or parcel post from outside companies when such charges are not a part of the cost of the materials and supplies.

This account shall also include express and freight on transoceanic baggage.

Item List

Cartage charges on shipments
Docking charges
Express charges
Freight charges
Lighterage
Parcel-post charges

721 CUSTOMS, DUTIES, AND BROKERAGE

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to traffic and sales, of customs, duties, and brokerage charges covering materials and supplies received or exported when such charges are not a part of the cost of the materials and supplies.

This account shall also include customs, duties, and brokerage charges on transoceanic baggage.

Item List

Bonding charges on shipments
Brokerage fees—handling charges
Customs service charges
Landing charges and fees
Revenue stamps for documents

722 BUILDINGS, CONTENTS, AND LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period and properly chargeable to traffic and sales, of fire, windstorm, loss and damage, public liability and property damage, insurance covering buildings, equipment, motorized vehicles, and materials and supplies.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

723 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life and accident insurance covering employees engaged in traffic and sales when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 979, "Other Deductions from Gross Income."

The cost of employees' group insurance and insurance against non-occupational disability shall be charged to account 838, "Pensions and Welfare."

724 EXPRESS AND FREIGHT LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period, of express and freight liability insurance.

This account shall be credited with all returns and refunds from insurance companies applicable to the cost of insurance carried in this account.

728 AGENCY SERVICES, MANAGEMENT, AND SUPERVISION

This account shall include the amounts accruing against the air carrier, and properly chargeable to traffic and sales, for its proportion of the costs incurred by parent or other affiliated companies in connection with operating agreements, general agency agreements, or other agreements not involving joint use of facilities.

This account shall include fees and expenses, properly chargeable to traffic and sales, payable to a parent or other affiliated company for continuously rendered supervision and management.

This account shall be credited with all fees and expenses, not involving joint use of facilities, originally incurred by the air carrier and accruing against parent or other affiliated companies in connection with traffic and sales.

Any excess of fees charged affiliated companies over costs incurred by the carrier, in connection with services performed for such affiliated companies, shall not be credited to this account but to account 326, "Affiliated Companies and Interdivisional Revenues."

Commissions earned by the air carrier on the sale of tickets and exchange and transportation orders for affiliated transportation companies shall not be credited to this account but to account 326, "Affiliated Companies and Interdivisional Revenues."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

729 JOINT FACILITIES SHARED

This account shall include the amounts accruing against the air carrier, and properly chargeable to traffic and sales, for its proportion of the costs incurred by others in operating facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the carrier on the basis of landings, ton-landings, schedules or other actual use basis.

Costs and fees charged the air carrier in connection with general agency agreements and other agreements with affiliated companies, not involving joint use of facilities, shall not be included in this account but in account 728, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the charging company; the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

730 JOINT FACILITIES FEES AND CHARGES

This account shall include the amounts accruing against the air carrier, and properly chargeable to traffic and sales, for its proportion of the cost incurred by others in operating facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the air carrier on any basis other than landings, ton-landings, schedules, or other actual use basis.

Costs and fees charged by others for operating facilities in a "stand-by" condition shall be included in this account.

Costs and fees charged the air carrier in connection with general agency agreements and other agreements with affiliated companies, not involving joint use of facilities, shall not be included in this account but in account 728, "Agency Services, Management and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge, the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

731 JOINT FACILITIES—CREDIT

This account shall include the amounts chargeable against others, and properly credited to traffic and sales, as their proportion of the costs incurred by the air carrier in operating facilities in the joint use of which others participate.

Costs charged against affiliated companies in connection with general agency agreements and other agreements, not involving joint use of facilities, shall not be credited to this account but to account 728, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company charged, the periods covered and the nature, purpose, and amount of each item of expense allocated.

732 MOTORIZED VEHICLES EXPENSES

This account shall include the cost, properly chargeable to traffic and sales, of operation of motorized vehicles, including rents and *excluding* repairs and depreciation.

The cost of repairs and overhaul shall be charged to accounts 902, "Motorized Vehicles and Equipment Repairs—Direct," and 922, "Motorized Vehicles and Equipment Repairs—Burden"; and depreciation shall be charged to account 8525, "Depreciation—Motorized Vehicles and Equipment."

The cost of cab guarantees and the transportation of passengers between city ticket offices shall not be charged to this account but to account 699, "Other Passenger Service Expenses."

This account shall not include cost of hire of motorized vehicles used by officers and employees specifically chargeable to account 714, "Travel and Incidental Expenses."

Item List

Anti-freeze
Frost shields
Gasoline
Grease
Oil
Parking fees
Tolls

734 CONSOLIDATED CITY TICKET OFFICE EXPENSES

This account shall include all charges covering the air carrier's proportionate part of the operating expenses of consolidated ticket offices located in cities.

The air carrier's proportion of the operating costs of consolidated ticket offices located at airports shall be charged to account 534, "Consolidated Airport Ticket Office Expenses."

Consolidated city ticket offices are defined as those ticket offices located in cities owned or controlled jointly or in common by the air carrier and others.

735 EMPLOYEES' COMPULSORY COMPENSATION

This account shall include the cost, applicable to the accounting period and properly chargeable to traffic and sales, of payments to employees, upon separation from the services of the air carrier, in accordance with the labor laws of various countries in which the air carrier operates.

In the event the air carrier elects to use a reserve for compulsory compensation, as outlined in account 274, "Reserve for Compulsory Compensation," this account shall be charged with the accruals to such reserve when the charges are properly included in traffic and sales.

Penalty or indemnity payments to governmental agencies, or carrier personnel, for dismissal without notice or without due cause, shall be charged to this account during the accounting period such costs are incurred.

This account shall not include employees' compensation insurance prescribed under various labor laws; cost of employees' insurance against non-occupational disability; cost of or allowances made for employees' benefits; bonus payments; or payments to employees in lieu of vacations, for sick leave or for maternity leave.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

736 SOCIAL SECURITY TAXES

This account shall include the cost, applicable to the accounting period and properly chargeable to traffic and sales, of the carrier's contribution to old age benefit and unemployment insurance in accordance with the Social Security tax laws of the United States.

This account shall also include the cost, applicable to the accounting period and properly chargeable to traffic and sales, of payments made to foreign governments under requirements of law for pension funds of employees whether or not such laws require similar contributions by the employees.

This account shall not include provisions for pensions when the funds are administered by the air carrier or its trustee; such costs shall be charged to account 838, "Pensions and Welfare."

737 COMMISSIONS—OUTSIDE AGENTS

This account shall include commissions paid other air carriers and agencies not affiliated with the air carrier and commissions paid persons not in the employ of the air carrier, for the sale of tickets and exchange and other orders for transportation over the air carrier's routes. Commissions paid to affiliated companies and agencies and separately operated divisions of the air carrier shall be charged to account 738, "Commissions—Affiliated Companies and Divisions."

Commissions earned by the air carrier on the sale of tickets and exchange and transportation orders for other transportation companies shall not be credited to this account but to account 327, "Outside Commissions."

738 COMMISSIONS—AFFILIATED COMPANIES AND DIVISIONS

This account shall include commissions paid to affiliated companies and agencies and separately operated divisions of the air carrier for the sale of tickets and exchange and other orders for transportation over the air carrier's routes.

Commissions earned by the air carrier on the sale of tickets and exchange and other orders for transportation over affiliated air carriers' routes and over separately operated divisions of the air carrier, shall not be included in this account but in account 326, "Affiliated Companies and Interdivisional Revenues."

739 TARIFFS AND SCHEDULES

This account shall be charged with production and distribution costs of all tariffs and operating schedules filed, posted, and published in accordance with regulations of the Civil Aeronautics Board.

747 PERSONNEL TRAINING EXPENSES

This account shall include all direct expenses incurred in connection with personnel training programs such as personnel salaries, supplies and expenses, travel and incidental, etc., when such expenses are properly chargeable to account group 700, "Traffic and Sales."

This account shall include the pay of instructors, trainees, apprentices, students, etc., when engaged exclusively in traffic and sales training.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

This account shall not include the pay of instructors, trainees, apprentices, students, etc., when such traffic and sales instruction is incidental to the daily routine of their productive employment.

This account shall be kept with sufficient particularity to reveal clearly the amounts and the type or class of each item of expense.

749 OTHER TRAFFIC AND SALES EXPENSES

This account shall include all traffic and sales expenses of the air carrier not properly chargeable to accounts 714 to 747, inclusive.

It shall include expenses of sales meetings not chargeable to travel and incidental expenses and the remainder of losses, resulting from accidents or casualties properly chargeable to traffic and sales expenses, carried over from account 174, "Other Deferred Charges." This account shall be charged directly with expenses resulting from minor accidents when such expenses are not treated as ordinary repairs and for which no subaccount has been established under account 174, "Other Deferred Charges."

Item List

Expenses of sales meetings
Injuries, loss, and damage
Miscellaneous gratuities
Retainers for office designers

OPERATING EXPENSE ACCOUNTS

ADVERTISING AND PUBLICITY

Account Number	*Account*
750	Advertising and Publicity
751	Superintendence
752	Superintendence—Assistants
761	Clerks and stenographers
763	Other advertising and publicity employees
764	Travel and incidental expenses
765	Telephone and telegraph
766	Light, heat, power, and water
767	Rents of buildings and offices
768	Office supplies and expenses
770	Freight, express, and parcel post
771	Customs, duties, and brokerage
772	Buildings, contents, and liability insurance
773	Employees' compensation and other insurance
778	Agency services, management, and supervision
782	Motorized vehicles expenses
785	Employees' compulsory compensation
786	Social Security taxes
787	Newspaper advertising
788	National magazine advertising
789	Other space advertising
790	Radio, motion picture, and photographic expenses
791	Display and exhibits expenses
792	Time tables and circulars
793	Miscellaneous promotional expenses
799	Other advertising and publicity expenses

OPERATING EXPENSE ACCOUNTS

ADVERTISING AND PUBLICITY

751 SUPERINTENDENCE

This account shall include the pay, properly chargeable to this account, of officers and supervisory employees engaged in the general supervision of advertising and publicity.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Advertising and publicity managers
Directors of advertising and publicity
Directors of public education
Vice-presidents—advertising
Vice-presidents—publicity

752 SUPERINTENDENCE—ASSISTANTS

This account shall include the pay, properly chargeable to this account, of assistant supervisory employees engaged in the supervision of advertising and publicity.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Artists
Assistants to advertising managers
Assistants to advertising and publicity managers
Assistants to directors of public education
Assistants to directors of advertising and publicity
Assistants to vice-presidents—Advertising
Assistants to vice-presidents—Publicity
Display managers
District advertising representatives
Photographers
Publicity representatives
Writers

761 CLERKS AND STENOGRAPHERS

This account shall include the pay, properly chargeable to this account, of all secretaries, stenographers, and general clerks.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Clerks
Secretaries
Stenographers and typists
Switchboard operators
Telephone operators

763 OTHER ADVERTISING AND PUBLICITY EMPLOYEES

This account shall include the pay, properly chargeable to advertising and publicity, of all employees whose pay is not properly chargeable to accounts 751 to 761, inclusive.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

764 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 751 to 763, inclusive.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

Item List

Gasoline or mileage allowances
Hotel, rooms, etc.
Laundry
Meals
Memberships in Chambers of Commerce, business or social clubs
Motorized vehicles rents
Passport expenses
Photographs
Physical examinations
Taxicab expenses
Tips and special fees
Transfer and moving expenses
Travel fares
Uniforms and cleaning

765 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to advertising and publicity, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also with amounts collected from others applicable to amounts chargeable to this account.

Item List

Long distance calls and tolls
Long lines communication
Private line teletype service
Switchboard rentals and charges
T. W. X. teletype service
Telegraph circuit rents and installation costs
Telemeter charges
Telephone installation and service charges
Teletype rents and charges

766 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water, and air conditioning used in buildings, offices, and storage space wherever located, when used for advertising and publicity or for offices of supervisory advertising and publicity employees. This account shall also include cost of power for operation of electric advertising signs.

767 RENTS OF BUILDINGS AND OFFICES

This account shall include rents currently accrued or paid for the use of buildings, offices, storage space, sign sites, and display space, wherever located, when used for advertising and publicity or for offices of advertising and publicity employees.

When rented property is rented to a third party the rental income, and rent expense or proportionate part thereof, shall be carried in account 323, "Rental from Operating Property—Net."

When rented property is leased to an affiliate, the rental income and rent expense or proportionate part thereof, shall be carried in account 326, "Affiliated Companies and Interdivisional Revenues."

768 OFFICE SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to advertising and publicity, of office supplies, rents of office equipment, and other incidental office expenses.

When rental agreements include maintenance and repair of office equipment the cost shall be included in this account. When repairs of office equipment are performed by the air carrier or outside parties the cost shall not be charged to this account but to accounts 908, "Other Ground Equipment Repairs—Direct," and 928, "Other Ground Equipment Repairs—Burden."

Postage used in direct mail advertising shall not be charged to this account, but to account 793, "Miscellaneous Promotional Expenses."

Item List

Aviation and railway guides	Office stationery and printing
Business cards	Office supplies
Clipping services	Overtime meal allowances
Clock service	Postage and postal charges
Janitor and window cleaning services	Rents of office equipment
Messenger service	Signs
Newspapers and periodicals	Teletype paper

770 FREIGHT, EXPRESS, AND PARCEL POST

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to advertising and publicity, of freight, express, and parcel post charges on materials and supplies shipped to various points on the carrier's line when such charges are not considered to be a part of the cost of the materials and supplies.

To this account shall also be charged amounts paid or accrued for shipments received by freight, express, or parcel post from outside companies when such charges are not a part of the cost of the materials and supplies.

Item List

Cartage charges on shipment
Docking charges
Express charges
Freight charges
Lighterage
Parcel post charges

771 CUSTOMS, DUTIES, AND BROKERAGE

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to advertising and publicity, of customs, duties, and brokerage charges covering materials and supplies received or exported when such charges are not a part of the cost of the materials and supplies.

Item List

Bonding charges on shipments
Brokerage fees—handling charges
Customs service charges
Landing charges and fees
Revenue stamps for documents

772 BUILDINGS, CONTENTS, AND LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period and properly chargeable to advertising and publicity, of fire, windstorm, loss and damage, public liability and property damage, insurance covering buildings, equipment, motorized vehicles, materials and supplies and special displays.

This account shall be credited with all returns and refunds applicable to the cost of the insurance carried in this account.

773 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life, and accident insurance covering employees engaged in advertising and publicity when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 979, "Other Deduction from Gross Income."

The cost of employees' group insurance and insurance against nonoccupational disability shall be charged to account 838, "Pensions and Welfare."

778 AGENCY SERVICES, MANAGEMENT, AND SUPERVISION

This account shall include the amounts accruing against the air carrier, and properly chargeable to advertising and publicity, for its proportion of the costs incurred by parent or other affiliated companies in connection with operating agreements, general agency agreements or other agreements not involving joint use of facilities.

This account shall also include fees and expenses, properly chargeable to advertising and publicity, payable to a parent or other affiliated company for continuously rendered supervision and management.

This account shall be credited with all fees and expenses, not involving joint use of facilities, originally incurred by the air carrier, and accruing against parent or other affiliated companies in connection with advertising and publicity.

Any excess of fees charged affiliated companies over costs incurred by the carrier, in connection with services performed for such affiliated companies, shall not be credited to this account but to account 326, "Affiliated Companies and Interdivisional Revenues."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

782 MOTORIZED VEHICLES EXPENSES

This account shall include the cost, properly chargeable to advertising and publicity, of operation of motorized vehicles, including rents and *excluding* repairs and depreciation.

The cost of repairs and overhauls shall be charged to accounts 902, "Motorized Vehicles and Equipment Repairs—Direct," and 922, "Motorized Vehicles and Equipment Repairs—Burden"; and depreciation shall be charged to account 8525, "Depreciation—Motorized Vehicles and Equipment."

This account shall not include cost of hire of motorized vehicles used by officers and employees specifically chargeable to account 764, "Travel and Incidental Expenses."

Item List

Anti-freeze
Frost shields
Gasoline
Grease
Oil
Parking fees
Tolls

785 EMPLOYEES' COMPULSORY COMPENSATION

This account shall include the cost, applicable to the accounting period and properly chargeable to advertising and publicity, of payments to employees, upon separation from the services of the air carrier, in accordance with the labor laws of various countries in which the air carrier operates.

In the event the air carrier elects to use a reserve for compulsory compensation as outlined in account 274, "Reserve for Compulsory Compensation," this account shall be charged with the accruals to such reserve when the charges are properly included in advertising and publicity.

Penalty or indemnity payments to governmental agencies or carrier personnel, for dismissal of employees without notice or without due cause, shall be charged to this account during the accounting period such costs are incurred.

This account shall not include employees' compensation insurance prescribed under various labor laws; cost of employees' insurance against non-occupational disability; cost of or allowances made for employees' benefits, bonus payments; or payments to employees in lieu of vacations, for sick leave, or for maternity leave.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

786 SOCIAL SECURITY TAXES

This account shall include the cost, applicable to the accounting period and properly chargeable to advertising and publicity, of the carrier's contribution to old age benefit and unemployment insurance in accordance with the Social Security tax laws of the United States.

This account shall also include the cost, applicable to the accounting period and chargeable to advertising and publicity, of payments made to foreign governments under requirements of law for pension funds of employees whether or not such laws require similar contributions by the employees.

This account shall not include provisions for pensions when the funds are administered by the air carrier or its trustees; such costs shall be charged to account 838, "Pensions and Welfare."

787 NEWSPAPER ADVERTISING

This account shall be charged with all costs, including production cost, properly chargeable to advertising and publicity, of all national and local newspaper advertising for the purpose of increasing air traffic, disseminating air travel information, and for publicizing services and facilities offered by the air carrier.

788 NATIONAL MAGAZINE ADVERTISING

This account shall be charged with all costs, including production cost, properly chargeable to advertising and publicity, of all national magazine advertising for the purpose of increasing air traffic, disseminating air travel information, and for publicizing services and facilities offered by the air carrier.

789 OTHER SPACE ADVERTISING

This account shall be charged with the cost of all other space advertising, including production cost, properly chargeable to advertising and publicity, but not chargeable to accounts 787, "Newspaper Advertising," and 788, "National Magazine Advertising." Such advertising includes space in local programs, magazines, and periodicals for the purpose of increasing air traffic, disseminating air travel information, and for publicizing services or facilities offered by the air carrier.

Item List

Aeronautical industry publications
Advertising programs
Baseball programs
Dance programs
Directories
Guides
Hotel magazines
Local magazines
Organization programs
Theatre programs

790 RADIO, MOTION PICTURE, AND PHOTOGRAPHIC EXPENSES

This account shall include the cost of all radio and motion picture advertising and photographic supplies when such costs are incurred for the purpose of increasing air traffic, disseminating air travel information, and publicizing services or facilities offered by the air carrier.

Item List

Camera and all photographic equipment supplies
Models fees
Motion picture production costs
Personnel expenses in motion picture advertising
Photos
Radio time, performers, and scripts
Screens
Slide films

791 DISPLAY AND EXHIBITS EXPENSES

This account shall include the cost of displays and exhibits of all types and kinds when such costs are incurred for the purpose of increasing air traffic, disseminating air travel information, and publicizing services or facilities offered by the air carrier.

Item List

Agency signs
Airplane models
Airport signs
Billboards
Charts, maps, display pictures
Counter cards
Customs duties on displays
Displays
Display mats
Display shop expenses
Display racks and easels
Electric signs
Lettering
Outdoor signs

792 TIME TABLES AND CIRCULARS

This account shall be charged with production and distribution costs, of all time tables, circulars, and quick reference charts issued for the purpose of increasing air traffic, disseminating air travel information, and publicizing services or facilities offered by the air carrier.

This account shall not be charged with the cost of production and distribution of tariffs and operating schedules; such costs shall be charged to account 739, "Tariffs and Schedules."

793 MISCELLANEOUS PROMOTIONAL EXPENSES

This account shall include all expenses incurred in connection with direct mail advertising including postage and postal charges and other transportation costs. It shall also be charged with other publicity and promotional expenses when such expenses are incurred for the purpose of increasing air traffic, disseminating air travel information, and publicizing other services or facilities offered by the air carrier and not properly chargeable to accounts 790, "Radio, Motion Picture, and Photographic Expenses," 791, "Display and Exhibits Expenses," and 792, "Time Tables and Circulars."

Item List

Advertising and descriptive literature
Air insurance literature
Air mail, baggage, and telephone stickers
Blotters
Calendars
House organ for general distribution
Local literature to agents and others
Novelties—pins, ash trays, etc.
Promotional tie-in advertising
Publicity releases
Souvenir certificates
Strip maps
Testimonial folders

799 OTHER ADVERTISING AND PUBLICITY EXPENSES

This account shall include all advertising and publicity expenses of the air carrier not properly chargeable to advertising and publicity accounts 764 to 793, inclusive.

It shall include the remainder of losses, resulting from accidents or casualties properly chargeable to advertising and publicity expenses, carried over from account 174, "Other Deferred Charges." This account shall be charged directly with expenses resulting from minor accidents when such expenses are not treated as ordinary repairs and for which no subaccount has been established under account 174, "Other Deferred Charges."

OPERATING EXPENSE ACCOUNTS

GENERAL AND ADMINISTRATIVE

Account Number	*Account*
800	General and Administrative
801	General officers and executives
803	Engineers and assistant engineers—Salaries and fees
811	Clerks, stenographers, and general office employees
814	Travel and incidental expenses
815	Telephone and telegraph
816	Light, heat, power, and water
817	Rents of buildings and offices
818	Office supplies and expenses
819	Engineering supplies and expenses
820	Freight, express, and parcel post
821	Customs, duties, and brokerage
822	Buildings, contents, and liability insurance
823	Employees' compensation and other insurance
825	Other general insurance
826	Uninsured losses—Reserve provision
827	Injuries, loss, and damage
828	Agency services, management, and supervision
829	Joint facilities shared
830	Joint facilities fees and charges
831	Joint facilities—Credit
835	Employees' compulsory compensation
836	Social Security taxes
837	General taxes
838	Pensions and welfare
839	Legal salaries, fees, and expenses
840	Special, professional, and technical services
841	Regulatory proceedings expenses
842	Memberships and publications
843	Corporate and fiscal expenses
844	Bad debts
847	Personnel training expenses
849	Other general and administrative expenses

OPERATING EXPENSE ACCOUNTS

GENERAL AND ADMINISTRATIVE

801 GENERAL OFFICERS AND EXECUTIVES

This account shall include the pay, properly chargeable to this account, of general officers and executives whose jurisdiction extends over the entire system or all departments of the air carrier as distinguished from officers and executives whose salaries are chargeable to specific functions.

This account shall also include the pay of separately operated divisions officers and executives whose salaries are not chargeable to specific functions or departments.

Directors' fees shall not be charged to this account but to account 843, "Corporate and Fiscal Expenses." Salaries and fees for legal services and legal expenses shall be charged to account 839, "Legal Salaries, Fees, and Expenses."

Item List

Assistant secretary
Assistant treasurer
Chairman of the board
Comptroller
Divisional accountants
Divisional comptrollers
Divisional general managers
General managers
President
Secretary
Special divisional representatives
Treasurer
Vice-presidents

803 ENGINEERS AND ASSISTANT ENGINEERS—SALARIES AND FEES

This account shall include amounts accrued or paid for engineering services to council or research staffs retained on a salary or fee basis.

This account shall include only those engineering salaries and fees incurred in connection with engineering functions or projects which are general in nature and shall not include those engineering services provided for in account groups 350, "Flying Operations," 500, "Operations," and 600, "Equipment Maintenance—Indirect."

Engineering salaries and fees incurred in connection with extension and development projects shall not be included in this account but in account 172, "Extension and Development Projects."

811 CLERKS, STENOGRAPHERS, AND GENERAL OFFICE EMPLOYEES

This account shall include the pay, properly chargeable to this account, of all secretaries, stenographers, and general office employees not properly chargeable to accounts 801 to 803, inclusive, *except* general office employees whose pay is properly chargeable to salary accounts in other expense groups.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

Item List

Accountants
Assistants to presidents (not elective)
Assistants to treasurers (not elective)
Assistants to vice-presidents (not elective)
Assistant cashiers
Auditors
Auditors of disbursements
Auditors of general accounts
Auditors of revenues
Budget directors
Bookkeepers
Bookkeeping machine operators
Cashiers
Chief accountants
Chief cashiers
Chief clerks
Clerks
Code clerks
Comptometer operators
Department assistants
File clerks
General accountants and assistants
General, chief, or head auditors
Insurance accountants
Key punch operators
Machine operators
Mail room clerks
Managers of education
Medical directors and assistants
Miscellaneous operators
Nurses
Office assistants
Office boys
Office managers
Payroll accountants
Payroll clerks
Personnel directors and assistants
Personnel managers and assistants
Posting clerks
Property accountants and clerks
Public relations directors
Purchasing agents and assistants
Receptionists
Secretaries
Statisticians
Stenographers
Switchboard operators
Tax accountants
Telephone operators and clerks
Teletype operators and clerks
Ticket sorters
Timekeepers
Typists

814 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 801 to 811, inclusive.

This account shall not be charged with expenses properly chargeable to accounts 172, "Extension and Development Projects," 819, "Engineering Supplies and Expenses," 839, "Legal Salaries, Fees, and Expenses," 841, "Regulatory Proceedings Expenses," and 975, "Extension and Development."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

Item List

Gasoline or mileage allowances
Hotel, rooms, etc.
Laundry
Meals
Memberships in business or social clubs
Motorized vehicles rents
Passport expenses
Photographs
Physical examinations
Taxicab expenses
Tips and special fees
Transfer and moving expenses
Travel fares
Uniforms and cleaning

815 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to general and administrative expenses, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also with amounts collected from others applicable to amounts chargeable to this account.

Item List

Long distance calls and tolls
Long lines communication
Private line teletype service
Switchboard rents and charges
Telegraph circuit rents and installation costs
Telemeter charges
Telephone installation charges, etc.
Teletype rents and charges
T. W. X. teletype service

INTENTIONAL SECOND EXPOSURE

814 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 801 to 811, inclusive.

This account shall not be charged with expenses properly chargeable to accounts 172, "Extension and Development Projects," 819, "Engineering Supplies and Expenses," 839, "Legal Salaries, Fees, and Expenses," 841, "Regulatory Proceedings Expenses," and 975, "Extension and Development."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

Item List

Gasoline or mileage allowances
Hotel, rooms, etc.
Laundry
Meals
Memberships in business or social clubs
Motorized vehicles rents
Passport expenses
Photographs
Physical examinations
Taxicab expenses
Tips and special fees
Transfer and moving expenses
Travel fares
Uniforms and cleaning

815 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to general and administrative expenses, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also with amounts collected from others applicable to amounts chargeable to this account.

Item List

Long distance calls and tolls
Long lines communication
Private line teletype service
Switchboard rents and charges
Telegraph circuit rents and installation costs
Telemeter charges
Telephone installation charges, etc.
Teletype rents and charges
T. W. X. teletype service

816 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water, and air conditioning used in buildings, offices, and storage space, wherever located, when used for general and administrative purposes or for offices of general and administrative officers and personnel.

817 RENTS OF BUILDINGS AND OFFICES

This account shall include rents currently accrued or paid, for the use of buildings, offices, and storage space, wherever located, when used for general and administrative purposes or for offices of general and administrative officers and personnel.

When rented property is leased to a third party the rental income, and the rent expense or proportionate part thereof, shall be carried in account 323, "Rental from Operating Property—Net."

When rented property is leased to an affiliate the rental income and the rent expense or proportionate part thereof, shall be carried in account 326, "Affiliated Companies and Interdivisional Revenues."

818 OFFICE SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to general and administrative expenses, of office supplies, rents of office equipment, and other incidental office expenses.

When rental agreements include maintenance and repair of office equipment the cost shall be included in this account. When repairs of office equipment are performed by the air carrier or outside parties the cost shall be charged to account 908, "Other Ground Equipment Repairs—Direct," and 928, "Other Ground Equipment Repairs—Burden."

Item List

Armored car service
Aviation and railway guides
Business cards
Clipping services
Clock service
Credit investigations
Janitor and window-cleaning service
Messenger service
Office stationery and printing
Office supplies
Overtime meal allowances
Postage and postal charges
Rent of office equipment
Rent of safe deposit boxes
Rent of tabulating equipment
Teletype paper
Towel service

819 ENGINEERING SUPPLIES AND EXPENSES

This account shall include miscellaneous expenses and the cost of miscellaneous supplies, applicable to the accounting period and properly chargeable to general and administrative, for the engineering department of the air carrier which cannot be charged directly to a specific job or type of work.

820 FREIGHT, EXPRESS, AND PARCEL POST

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to general and administrative, of freight, express, and parcel post charges on materials and supplies shipped to various points on the carrier's line when such charges are not considered to be a part of the cost of the materials and supplies.

To this account shall also be charged amounts paid or accrued for shipments received by freight, express, or parcel post from outside companies when such charges are not a part of the cost of the materials and supplies.

Item List

Cartage charges on shipments
Docking charges
Express charges
Freight charges
Lighterage
Parcel post charges

821 CUSTOMS, DUTIES, AND BROKERAGE

This account shall include the amounts paid or accrued, applicable to the accounting period and properly chargeable to general and administrative, of customs, duties, and brokerage charges covering materials and supplies received or exported when such charges are not a part of the cost of the materials and supplies.

Item List

Bonding charges on shipments
Brokerage fees—Handling charges
Customs service charges
Landing charges and fees
Revenue stamps for documents

822 BUILDINGS, CONTENTS, AND LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period and properly chargeable to general and administrative expenses, of fire, windstorm, loss and damage, public liability and property damage, insurance covering buildings, equipment, and materials and supplies.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

823 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life, and accident insurance covering employees engaged in general and administrative duties when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 979, "Other Deductions from Gross Income."

The cost of employees' group insurance and insurance against non-occupational disability shall be charged to account 838, "Pensions and Welfare."

825 OTHER GENERAL INSURANCE

This account shall include the cost, applicable to the accounting period, of miscellaneous insurance such as burglary, theft, and hold-up insurance, and fidelity and contract bonds.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 979, "Other Deductions from Gross Income."

The cost of employees' group insurance shall be charged to account 838, "Pensions and Welfare."

826 UNINSURED LOSSES—RESERVE PROVISION

When the air carrier has complied with the requirements governing the use of a reserve for uninsured losses as set forth in account 293, "Reserve for Uninsured Losses," this account shall be charged with the accruals to the reserve when such accruals are properly chargeable to general and administrative expense. Adjustments of the accruals to the reserve account shall also be concurrently charged or credited to this account.

No entries other than those specified in the preceding paragraph shall be made in this account.

827 INJURIES, LOSS, AND DAMAGE

This account shall include the remainder of losses, resulting from accidents or casualties properly chargeable to general and administrative expenses, carried over from account 174, "Other Deferred Charges."

This account shall be charged directly with expenses resulting from minor accidents where such expenses are not treated as ordinary repairs and for which no subaccount has been established under account 174, "Other Deferred Charges."

Uninsured losses in connection with injuries to passengers, and loss or damage to baggage, clothing, and other personal property, shall be charged to account 677, "Injuries, Loss, and Damage."

Pensions paid employees on account of injuries sustained in line of duty shall be charged to account 838, "Pensions and Welfare."

828 AGENCY SERVICES, MANAGEMENT, AND SUPERVISION

This account shall include the amounts accruing against the air carrier, properly chargeable to general and administrative expenses, for its proportion of the costs incurred by parent or other affiliated companies in connection with operating agreements, general agency agreements or other agreements not involving joint use of facilities.

This account shall include fees and expenses, properly chargeable to general and administrative, payable to a parent or other affiliated company for continuously rendered supervision and management.

This account shall be credited with all fees and expenses, not involving joint use of facilities, originally incurred by the air carrier and accruing against parent or other affiliated companies in connection with general and administrative.

Any excess of fees charged affiliated companies over costs incurred by the carrier, in connection with services performed for such affiliated companies, shall not be credited to this account but to account 326, "Affiliated Companies and Interdivisional Revenues."

The records supporting the entries in this account shall be kept with sufficient particularly to reveal clearly the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

829 JOINT FACILITIES SHARED

This account shall include the amounts accruing against the air carrier, and properly chargeable to general and administrative, for its proportion of the costs incurred by others in operating facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the carrier on the basis of landings, ton-landings, schedules, or other actual use basis.

Costs and fees charged the air carrier in connection with general agency agreements and other agreements with affiliated companies, not involving joint use of facilities, shall not be included in this account but in account 828, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge; the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

830 JOINT FACILITIES FEES AND CHARGES

This account shall include the amounts accruing against the air carrier, and properly chargeable to general and administrative, for its proportion of the costs incurred by others in operating facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the air carrier on any basis other than landings, ton-landings, schedules, or other actual use basis.

Costs and fees charged by others for operating facilities in a "stand-by" condition shall be included in this account.

Costs and fees charged the air carrier in connection with general agency agreements and other agreements with affiliated companies, not involving joint use of facilities, shall not be included in this account but in account 828, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge; the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

831 JOINT FACILITIES—CREDIT

This account shall include the amounts chargeable against others, and properly credited to general and administrative, as their proportion of the costs incurred by the air carrier in operating facilities in the joint use of which others participate.

Costs charged against affiliated companies in connection with general agency agreements and other agreements, not involving joint use of facilities, shall not be credited to this account but to account 828, "Agency Services, Management, and Supervision."

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company charged, the periods covered and the nature, purpose, and amount of each item of expense allocated.

835 EMPLOYEES' COMPULSORY COMPENSATION

This account shall include the cost, applicable to the accounting period and properly chargeable to general and administrative, of payments to employees, upon separation from the services of the air carrier, in accordance with the labor laws of various countries in which the air carrier operates.

In the event the air carrier elects to use a reserve for compulsory compensation, as outlined in account 274, "Reserve for Compulsory Compensation," this account shall be charged with the accruals to such reserve when the charges are properly included in general and administrative.

Penalty or indemnity payments to governmental agencies, or carrier personnel, for dismissal of employees without notice or without due cause, shall be charged to this account during the accounting period such costs are incurred.

This account shall not include employees' compensation insurance prescribed under various labor laws; cost of employees' insurance against non-occupational disability; cost of or allowances made for employee benefits; bonus payments; or payments to employees in lieu of vacations, for sick leave, or for maternity leave.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

836 SOCIAL SECURITY TAXES

This account shall include the cost, applicable to the accounting period and properly chargeable to general and administrative, of the carrier's contribution to old age benefit and unemployment insurance in accordance with the Social Security tax laws of the United States.

This account shall also include the cost, applicable to the accounting period and properly chargeable to general and administrative, of payments made to foreign governments under requirements of law for pension funds of employees whether or not such laws require similar contributions by the employees.

This account shall not include provisions for pensions when the funds are administered by the air carrier or its trustee; such costs shall be charged to account 838, "Pensions and Welfare."

837 GENERAL TAXES

This account shall include taxes paid or accrued, applicable to the accounting period, on all operating property and equipment included in account group 150, "Operating Property and Equipment"; gross profits, franchise, capital stock, aircraft license, motorized vehicles, license fees, permits, etc.

This account shall be charged within each monthly accounting period with the proportionate tax accruals applicable thereto and the concurrent credits shall be entered in account 208, "Taxes Accrued." Prepayments shall be charged to account 171, "Prepayments." If the exact amount of taxes cannot be ascertained when the liability begins to accrue, the amount shall be estimated and a proper proportion of the estimated amount charged to each accounting period; as the actual taxes become known, the periodic charges shall be adjusted so as to include, as nearly as practicable, the total amount of taxes applicable to the accounting period.

Discounts for prompt payment and refunds of taxes included in this account shall be treated as a reduction of the amount paid.

This account shall not include stock transfer taxes, federal and state income taxes, excess and undistributed profits taxes, Social Security taxes, sales taxes, fuel and oil taxes, assessments and taxes on land held for future use, special assessments for street and other improvements, and special benefit taxes such as water taxes, etc.

Taxes paid and accrued on non-operating property and equipment included in account group 160, "Non-Operating Property and Equipment," shall be charged to account 973, "Non-Operating Property and Equipment Expenses."

Penalties and interest on delinquent taxes shall be charged to account 971, "Interest Expense."

Miscellaneous stamp taxes paid on original issues of capital stock and stamp taxes paid in connection with the issue of long term debt securities shall be charged to account 174, "Other Deferred Charges."

License fees paid in connection with the operation of restaurants shall be charged to account 321, "Hotel, Restaurant, and Food Service—Net."

Item List

Aircraft licenses
Annual capital stock sales
Franchise taxes
Gross receipts taxes
License fees
Money and credit taxes
Motorized vehicles licenses
Permits
Personal property taxes
Real property taxes
Road taxes
Utilities taxes

838 PENSIONS AND WELFARE

This account shall include the expenses incurred in conducting employees' accident prevention, educational and recreational activities; the cost of employees' relief and benefits; and the cost of life insurance or group insurance for employees when the air carrier is not the beneficiary. Pensions paid wholly by the air carrier to or for the account of retired employees and the air carrier's contribution to pension plans shall be charged to this account.

This account shall also include the cost of employees' non-occupational disability insurance and the cost of employees' benefits, provided in accordance with the labor laws of the various countries in which the carrier operates.

Expenses incurred in connection with claims occasioned by accidents or other casualties shall be treated in the same manner as other expenses connected with such accidents or casualties.

Social Security taxes paid by the air carrier shall not be charged to this account but to account 836, "Social Security Taxes."

Employees' contributions to a pension fund by means of salary deductions shall not be charged to this account but included in the total charges to the appropriate salary accounts.

Item List

Employee benefits payments
Employees' non-occupational disability insurance
General employee entertainments
Group insurance—Company contribution
House organ for employees only
Medical equipment repairs
Medical supplies
Pension plans—Company contribution
Service pins

839 LEGAL SALARIES, FEES, AND EXPENSES

This account shall include amounts accrued or paid for legal services to counsel retained on a salary or fee basis and all related expenses incurred by such counsel, such as traveling expenses, telephone and telegraph, court expenses, witness fees, transcripts, supplies, and stationery. It shall also include miscellaneous legal expenses incurred by the air carrier such as law books, legal forms and stationery, and other legal supplies not obtainable from the air carrier's general stationery stock. Ordinary office supplies and expenses shall be charged to account 818, "Office Supplies and Expenses."

Expenses incurred in connection with extension and development projects shall not be included in this account but in account 172, "Extension and Development Projects." Expenses incurred in connection with formal hearings before regulatory bodies shall not be included in this account but in account 841, "Regulatory Proceedings Expenses." Legal fees and expenses chargeable to either account may be charged directly to those accounts or if charged to this account shall be subsequently cleared and charged to those accounts.

Legal expenses incurred in connection with the acquisition of leaseholds, and real property and equipment shall be treated as an additional cost thereof and charged to the accounts in which such property is carried.

Legal expenses incurred in connection with claims occasioned by accidents or other casualties shall be treated in the same manner as other expenses connected with each accident or casualty.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

840 SPECIAL, PROFESSIONAL, AND TECHNICAL SERVICES

This account shall include amounts paid or accrued for special, professional, and technical services and expenses of appraisers, consultants, auditors, etc., who are not regularly employed by the air carrier and whose fees or salaries are not chargeable directly to specific functions or to the cost of property acquired.

Engineering salaries and fees shall not be included in this account but in account 803, "Engineers and Assistant Engineers—Salaries and Fees."

Legal salaries and fees shall not be included in this account but in account 839, "Legal Salaries, Fees, and Expenses."

Special, professional, and technical services obtained in connection with appearances before regulatory bodies shall not be charged to this account but to account 841, "Regulatory Proceedings Expenses."

Records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

841 REGULATORY PROCEEDINGS EXPENSES

This account shall include all expenses incurred by the air carrier in connection with formal cases before regulatory bodies, and other Federal, State, or municipal agencies.

All expenses relating to such proceedings included in accounts recording travel and incidental expenses and legal expenses shall be cleared to this account. Salaries charged to this account shall include not only employees engaged wholly in connection with such proceedings but a proportionate part of other employees' salaries when a substantial part of their time is devoted to such proceedings.

Separate subaccounts shall be established for the purpose of definitely separating the expenses pertaining to each case or project, and the records supporting the entries in each subaccount shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense.

842 MEMBERSHIPS AND PUBLICATIONS

This account shall include the cost, properly chargeable to general and administrative expenses, of all company memberships in associations and organizations. This account shall also be charged with the cost of subscriptions to periodicals and publications required in the executive and general offices of the air carrier.

Item List

Aeronautical association memberships
Aviation and railway guides
Magazines
Newspapers
Reporting services
Tax service subscriptions

843 CORPORATE AND FISCAL EXPENSES

This account shall include corporate and fiscal fees and expenses of the air carrier and also expenses in connection with the exchange and transfer of capital stock.

Expenses in connection with the original sale and issuance of capital stock at the time of organization and subsequent thereto shall be charged to account 174, "Other Deferred Charges."

Item List

Directors' fees and expenses
Printing annual report
Printing stock certificates—replacements
Proxy expense
Registrar and transfer agents' fees and expenses
Report filing fees—states
Representation fees
S. E. C. fees
Stock exchange fees

844 BAD DEBTS

This account shall be charged with losses from uncollectible accounts receivable which have been charged with revenue included in account groups 300, "Transportation Revenue," and 320, "Incidental Revenues." It shall be charged only with such losses from accounts determined to be uncollectible during the accounting period and actually written off. Accounts written off and subsequently collected shall be credited to this account.

This account shall not be charged with losses from accruals of non-operating income included in account group 950, "Non-Operating Income." Such losses shall be charged to account 979, "Other Deductions from Gross Income."

Nothing herein stated shall be construed to relieve the air carrier from its responsibility to collect revenue in accordance with established rates for services performed.

847 PERSONNEL TRAINING EXPENSES

This account shall include all direct expenses incurred in connection with personnel training programs, such as personnel salaries, supplies and expenses, travel and incidental, etc., when such expenses are properly chargeable to account group 800, "General and Administrative."

This account shall include the pay of instructors, trainees, apprentices, students, etc., when engaged exclusively in general and administrative training.

This account shall also include the vacation and sick leave pay of all personel whose salary is properly chargeable to this account.

This account shall not include the pay of instructors, trainees, apprentices, students, etc., when such general and administrative instruction is incidental to the daily routine of their productive employment.

This account shall be kept with sufficient particularity to reveal clearly the amounts and the type or class of each item of expense.

OPERATING EXPENSE ACCOUNTS

GENERAL AND ADMINISTRATIVE

849 OTHER GENERAL AND ADMINISTRATIVE EXPENSES

This account shall include all general and administrative expenses of the air carrier not properly chargeable to accounts 814 to 847, inclusive. It shall include bank service charges and donations to individuals and corporations.

OPERATING EXPENSE ACCOUNTS

DEPRECIATION—GROUND OPERATING PROPERTY AND EQUIPMENT

850 DEPRECIATION—GROUND OPERATING PROPERTY AND EQUIPMENT

This account shall include the charges applicable to the accounting period covering depreciation on the service value of ground operating property and equipment calculated in accordance with instructions pertaining to account 250, "Accrued Depreciation—Operating Property and Equipment."

The depreciation applicable to each classification of ground property and equipment included in account group 150, "Operating Property and Equipment," shall be recorded in the following corresponding depreciation account:

8511 Depreciation—Passenger service equipment
8512 Depreciation—Hotel, restaurant, and food service equipment
8521 Depreciation—Station communication equipment
8522 Depreciation—Meteorological equipment
8523 Depreciation—Hangar and ramp equipment
8524 Depreciation—Floats, barges, and equipment
8525 Depreciation—Motorized vehicles and equipment
8526 Depreciation—Motorized marine equipment
8527 Depreciation—Furniture, fixtures, and office equipment
8528 Depreciation—Medical equipment
8529 Depreciation—Engineering equipment
8531 Depreciation—Airport and airway lighting equipment
8532 Depreciation—Storage and distribution equipment
8533 Depreciation—Miscellaneous ground equipment
8534 Depreciation—Buildings and improvements on land owned
8535 Depreciation—Buildings and improvements on land not owned
8536 Depreciation—Improvements to leased property
8541 Depreciation—Joint facilities—debit
8542 Depreciation—Joint facilities—credit

This account shall not include gain or loss on property and equipment retired, sold, or otherwise disposed of. Gain on disposal of equipment shall be credited to account 958, "Retirements of Operating Property and Equipment—Gain"; and loss on disposal of equipment shall be charged to account 978, "Retirements of Operating Property and Equipment—Loss."

OPERATING EXPENSE ACCOUNTS

GROUND EQUIPMENT MAINTENANCE—DIRECT

Account Number	*Account*
900	Ground Equipment Maintenance—Direct
901	Hangar and ramp equipment repairs—Direct
902	Motorized vehicles and equipment repairs—Direct
903	Motorized marine equipment repairs—Direct
904	Buildings and other improvements repairs—Direct
905	Station communication equipment repairs—Direct
906	Meteorological equipment repairs—Direct
907	Passenger service equipment repairs—Direct
908	Other ground equipment repairs—Direct
909	Joint facilities shared
910	Joint facilities fees and charges
911	Joint facilities—Credit

OPERATING EXPENSE ACCOUNTS

GROUND EQUIPMENT MAINTENANCE—DIRECT

INSTRUCTIONS

1. The accounts in this group are designed to record direct costs applicable to maintenance, repair, and overhaul of the ground equipment referred to in accounts 901 to 908, inclusive. The accounts in this group shall be kept in such manner that direct maintenance costs relating to the functions of the various account groups shall be readily obtainable.

2. Labor and materials shall be charged to the accounts in this group regardless of the location of the air carrier's maintenance and overhaul bases or of the location of personnel engaged in such work. The cost of direct labor, materials, and supplies including outside repairs, used in the maintenance and repair of property and equipment shall be recorded on running orders or job tickets covering each repair job and periodic inspection *except* servicing. The cost of transporting owned and rented property and equipment to and from shops for repair and overhaul shall be included as a part of the cost of materials and supplies used in the repair and overhaul of such property and equipment. Transportation charges, customs duties, etc., shall be included in the cost of repairs when made by outside parties.

3. When supervisory personnel such as crew chiefs, inspectors, foremen, and supervisors, are engaged in direct labor in connection with ground equipment maintenance, the proportionate part of their salaries and wages shall be charged to the direct labor subaccounts in this group.

4. When affiliates maintain, repair, and overhaul property and equipment owned or rented by the air carrier and used in other than flying operations, direct labor costs allocated to the carrier shall be charged to the appropriate direct labor subaccount, and material costs allocated to the carrier shall be charged to the appropriate materials and outside repairs subaccount. The affiliate performing such services shall make inverse entries.

5. The accounts in this group shall not include the salaries and expenses of maintenance personnel when engaged in ground servicing duties. Such salaries and expenses shall be charged to account 509, "Service Employees," or to account 537, "Servicing Supplies and Expenses."

OPERATING EXPENSE ACCOUNTS

GROUND EQUIPMENT MAINTENANCE—DIRECT

901 HANGAR AND RAMP EQUIPMENT REPAIRS—DIRECT

This account shall include the pay of employees of the air carrier and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of hangar and ramp equipment of all types and classes included in property account 1523, "Hangar, Shop, and Ramp Equipment," *except* that maintenance shops and equipment repairs shall not be charged to this account but to account 640, "Shop Buildings and Equipment Repairs." It shall also include such costs in connection with hangar and ramp equipment rented or on consignment.

The cost of direct labor, either on an hourly or salary basis, and materials and supplies used in the direct repair, overhaul, or maintenance of hangar and ramp equipment shall be charged to this account regardless of the location on the carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific hangar or ramp equipment repair job.

This account shall be divided into subaccounts as follows: 9011, "Hangar and Ramp Equipment Repairs—Direct Labor," and 9012, "Hangar and Ramp Equipment Repairs—Materials and Outside Repairs."

902 MOTORIZED VEHICLES AND EQUIPMENT REPAIRS-DIRECT

This account shall include the pay of employees of the air carrier and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of motorized vehicles and equipment of all types and classes included in property account 1525, "Motorized Vehicles and Equipment," *except* motorized vehicles used in limousine service. It shall also include such costs in connection with motorized vehicles and equipment rented or on consignment.

The cost of direct labor, either on an hourly or salary basis, and materials and supplies used in the direct repair, overhaul or maintenance of motorized vehicles and equipment shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific motorized vehicles and equipment repair job.

This account shall be divided into subaccounts as follows: 9021, "Motorized Vehicles and Equipment Repairs—Direct Labor," and 9022, "Motorized Vehicles and Equipment Repairs—Materials and Outside Repairs."

903 MOTORIZED MARINE EQUIPMENT REPAIRS—DIRECT

This acount shall include the pay of employees of the air carrier and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of motorized marine equipment of all types and classes included in property account 1526, "Motorized Marine Equipment." It shall also include such costs in connection with motorized marine equipment rented or on consignment.

The cost of direct labor, either on an hourly or salary basis, and materials and supplies used in the direct repair, overhaul or maintenance of motorized marine equipment shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific motorized marine equipment repair job.

This account shall be divided into subaccounts as follows: 9031, "Motorized Marine Equipment Repairs—Direct Labor," and 9032, "Motorized Marine Equipment Repairs—Materials and Outside Repairs."

904 BUILDINGS AND OTHER IMPROVEMENTS REPAIRS—DIRECT

This account shall include the pay of employees of the air carrier and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, and repair by the air carrier, and the cost of outside repairs, of buildings and other improvements of all types and classes included in property accounts 1534, "Buildings and Improvements on Land Owned," 1535, "Buildings and Improvements on Land Not Owned," and 1536, "Improvements to Leased Property." It shall also include such expenses on rented property of these classes when the air carrier is obligated to maintain and repair such property.

The cost of direct labor, either on an hourly or salary basis, and materials and supplies used in the direct repair, overhaul or maintenance of the property specified in the preceding paragraph shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific repair job on property of these classes.

This account shall be divided into subaccounts as follows: 9041, "Buildings and Other Improvements Repairs—Direct Labor," and 9042, "Buildings and Other Improvements Repairs—Materials and Outside Repairs."

905 STATION COMMUNICATION EQUIPMENT REPAIRS—DIRECT

This account shall include the pay of employees of the air carrier and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of station communication equipment of all types and classes included in property account 1521, "Station Communication Equipment." It shall also include such costs in connection with station communication equipment rented or on consignment.

The cost of direct labor, either on an hourly or salary basis, and materials and supplies used in the repair, overhaul or maintenance of station communication equipment shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific station communication equipment repair job.

This account shall be divided into subaccounts as follows: 9051, "Station Communication Equipment Repairs—Direct Labor," and 9052, "Station Communication Equipment Repairs—Materials and Outside Repairs."

906 METEOROLOGICAL EQUIPMENT REPAIRS—DIRECT

This account shall include the pay of employees of the air carrier and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of meteorological equipment of all types and classes included in property account 1522, "Meteorological Equipment." It shall also include such costs in connection with meteorological equipment rented or on consignment.

The cost of direct labor, either on an hourly or salary basis, and materials and supplies used in the direct repair, overhaul or maintenance of meteorological equipment shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific meteorological equipment repair job.

This account shall be divided into subaccounts as follows: 9061, "Meteorological Equipment Repairs—Direct Labor," and 9062, "Meteorological Equipment Repairs—Materials and Outside Repairs."

907 PASSENGER SERVICE EQUIPMENT REPAIRS—DIRECT

This account shall include the cost of direct labor and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs of passenger service equipment of all types and classes included in property account 1511, "Passenger Service Equipment." It shall also include such costs in connection with passenger service equipment rented or on consignment.

The cost of direct labor, either on an hourly or salary basis, and materials and supplies used in the direct repair, overhaul, and maintenance of passenger service equipment shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific passenger service equipment repair job.

This account shall not be charged with the value of spare items issued from inventory, account 109, "Materials and Supplies," for replacement of individual items included in aircraft passenger service equipment complements. It shall not be charged with original issues of complete complements of aircraft passenger service equipment; the cost of complete original complements shall be charged to account 1511, "Passenger Service Equipment."

This account shall be divided into subaccounts as follows: 9071, "Passenger Service Equipment Repairs—Direct Labor," and 9072, "Passenger Service Equipment Repairs—Materials and Outside Repairs."

908 OTHER GROUND EQUIPMENT REPAIRS—DIRECT

This account shall include the pay of employees of the air carrier and the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of ground equipment of all types and classes included in property accounts 1524, "Floats, Barges, and Equipment," 1527, "Furniture, Fixtures, and Office Equipment," 1528, "Medical Equipment," 1529, "Engineering Equipment," 1531, "Airport and Airway Lighting Equipment," 1532, "Storage and Distribution Equipment," and 1533, "Miscellaneous Ground Equipment," when such property and equipment is specifically assigned to ground operations. It shall also include such costs in connection with equipment of these classes when rented or on consignment.

The cost of direct labor, either on an hourly or salary basis, and materials and supplies used in the direct repair, overhaul or maintenance of the property specified in the preceding paragraph shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific repair job on property of these classes.

This account shall be divided into subaccounts as follows: 9081, "Other Ground Equipment Repairs—Direct Labor," and 9082, "Other Ground Equipment Repairs—Materials and Outside Repairs."

909 JOINT FACILITIES SHARED

This account shall include the amounts accruing against the air carrier, and properly chargeable to ground equipment maintenance—direct, for its proportion of the costs incurred by others in maintaining facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the carrier on the basis of landings, ton-landings, schedules, or other actual use basis.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge; the periods covered and the nature, purpose, amount, and the basis of determining each item of expense.

910 JOINT FACILITIES FEES AND CHARGES

This account shall include the amounts accruing against the air carrier, and properly chargeable to ground equipment maintenance—direct, for its proportion of the costs incurred by others in maintaining facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the carrier on any basis other than landings, ton-landings, schedules, or other actual use basis.

Costs and fees charged by others for maintaining facilities in a "stand-by" condition shall be included in this account.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge; the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

911 JOINT FACILITIES—CREDIT

This account shall include the amounts chargeable against others, and properly credited to ground equipment maintenance – direct, as their proportion of the costs incurred by the air carrier in maintaining facilities in the joint use of which others participate.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company charged, the periods covered and the nature, purpose, and amount of each item of expense allocated.

OPERATING EXPENSE ACCOUNTS

GROUND EQUIPMENT MAINTENANCE—INDIRECT

Account Number	*Account*
920	Ground Equipment Maintenance—Indirect
921	Hangar and ramp equipment repairs—Burden
922	Motorized vehicles and equipment repairs—Burden
923	Motorized marine equipment repairs—Burden
924	Buildings and other improvements repairs—Burden
925	Station communication equipment repairs—Burden
926	Meterological equipment repairs—Burden
927	Passenger service equipment repairs—Burden
928	Other ground equipment repairs—Burden
929	Joint facilities shared
930	Joint facilities fees and charges
931	Joint facilities—Credit

OPERATING EXPENSE ACCOUNTS

GROUND EQUIPMENT MAINTENANCE—INDIRECT

INSTRUCTIONS

1. The accounts in this group are designed to record the indirect or burden expenses applicable to maintenance, repair, and overhaul of all property and equipment not classified as flight equipment. The accounts shall be kept in such manner that the costs relating to the functions of the various account groups shall be readily obtainable.

2. Burden shall be charged to the accounts in this group regardless of the location of the air carrier's maintenance and overhaul bases. The appropriate accounts in this group shall be charged a proportionate part of indirect maintenance expenses, recorded in memorandum account group 600, "Equipment Maintenance—Indirect," as overhead or burden in connection with the repair of ground property and equipment. Burden expense prorated to each account in this group shall be based on the total cost of productive maintenance shop labor. If the air carrier proposes to prorate burden expense on any basis other than productive labor cost, permission to do so shall first be obtained from the Economic Bureau of the Civil Aeronautics Board.

3. When affiliates maintain, repair, and overhaul property and equipment owned or rented by the air carrier and used in other than flying operations, burden costs prorated to the carrier shall be charged to the appropriate account in this group. The affiliate performing such services shall make inverse entries.

OPERATING EXPENSE ACCOUNTS

GROUND EQUIPMENT MAINTENANCE—INDIRECT

921 HANGAR AND RAMP EQUIPMENT REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of hangar and ramp equipment of all types and classes included in property account 1523, "Hangar, Shop, and Ramp Equipment," *except* that maintenance shops and equipment repairs shall not be charged to this account but to account 640, "Shop Buildings and Equipment Repairs." It shall also include such costs in connection with hangar and ramp equipment rented or on consignment.

Burden expense shall be prorated to this account on the basis of cost of productive labor performed.

922 MOTORIZED VEHICLES AND EQUIPMENT REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of motorized vehicles and equipment of all types and classes included in property account 1525, "Motorized Vehicles and Equipment," *except* motorized vehicles used in limousine service. It shall also include such costs in connection with motorized vehicles rented or on consignment.

Burden expense shall be prorated to this account on the basis of cost of productive labor performed.

923 MOTORIZED MARINE EQUIPMENT REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of motorized marine equipment of all types and classes included in property account 1526, "Motorized Marine Equipment." It shall also include such costs in connection with motorized marine equipment rented or on consignment.

Burden expense shall be prorated to this account on the basis of cost of productive labor performed.

924 BUILDINGS AND OTHER IMPROVEMENTS REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of buildings and other improvements of all types and classes included in property accounts 1534, "Buildings and Improvements on Land Owned," 1535, "Buildings and Improvements on Land Not Owned," and 1536, "Improvements to Leased Property." It shall also include such costs on rented property of these classes when the air carrier is obligated to maintan and repair such property.

Burden expense shall be prorated to this account on the basis of cost of productive labor performed.

925 STATION COMMUNICATION EQUIPMENT REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of station communication equipment of all types and classes included in property account 1521, "Station Communication Equipment." It shall also include such costs in connection with station communication equipment rented or on consignment.

Burden expense shall be prorated to this account on the basis of cost of productive labor performed.

926 METEOROLOGICAL EQUIPMENT REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of meteorological equipment of all types and classes included in property account 1522, "Meteorological Equipment." It shall also include such costs in connection with meteorological equipment rented or on consignment.

Burden expense shall be prorated to this account on the basis of cost of productive labor performed.

927 PASSENGER SERVICE EQUIPMENT REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of passenger service equipment of all types and classes included in property account 1511, "Passenger Service Equipment." It shall also include such costs in connection with passenger service equipment rented or on consignment.

Burden expense shall be prorated to this account on the basis of cost of productive labor performed.

928 OTHER GROUND EQUIPMENT REPAIRS—BURDEN

This account shall include the proportionate part of indirect equipment maintenance expenses applicable to the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, of ground equipment of all types and classes included in property accounts 1524, "Floats, Barges, and Equipment," 1527, "Furniture, Fixtures, and Office Equipment," 1528, "Medical Equipment," 1529, "Engineering Equipment," 1531, "Airport and Airway Lighting Equipment," 1532, "Storage and Distribution Equipment," and 1533, "Miscellaneous Ground Equipment," when such property and equipment is specifically assigned to ground operations. It shall also include such costs in connection with equipment of these classes when rented or on consignment.

Burden expense shall be prorated to this account on the basis of cost of productive labor performed.

929 JOINT FACILITIES SHARED

This account shall include the amounts accruing against the air carrier, and properly chargeable to ground equipment maintenance—indirect, for its proportion of the costs incurred by others in maintaining facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the carrier on the basis of landings, ton-landings, schedules, or other actual use basis.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge; the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

930 JOINT FACILITIES—FEES AND CHARGES

This account shall include the amounts accruing against the air carrier, and properly chargeable to ground equipment maintenance—indirect, for its proportion of the costs incurred by others in maintaining facilities in the joint use of which the air carrier participates.

This account shall include only those costs allocated to the carrier on any basis other than landings, ton-landings, schedules, or other actual use basis.

Costs and fees charged by others for maintaining facilities in a "stand-by" condition shall be included in this account.

The records supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company making the charge; the periods covered and the nature, purpose, amount, and basis of determining each item of expense.

931 JOINT FACILITIES—CREDIT

This account shall include the amounts chargeable against others, and properly credited to ground equipment maintenance—indirect, as their proportion of the costs incurred by the air carrier in maintaining facilities in the joint use of which others participate.

The record supporting the entries in this account shall be kept with sufficient particularity to reveal clearly the company charged, the periods covered and the nature, purpose, and amount of each item of expense allocated.

NON-OPERATING INCOME

Account Number	*Account*
950	Non-Operating Income
951	Cash discounts income
952	Interest income
953	Dividend income
954	Amortization of premium on debt
955	Non-operating property and equipment income
956	Non-transport divisions profits
957	Foreign exchange—Gain
958	Retirements of operating property and equipment—Gain
959	Other Non-operating income

NON-OPERATING INCOME

951 CASH DISCOUNTS INCOME

This account shall include all cash discounts earned by the air carrier for the prompt payment of accounts.

The appropriate accounts shall be charged with the full amount of invoices and this account shall be credited with the amount of the cash discounts.

Trade discounts shall not be included in this account but treated as reductions from list prices.

952 INTEREST INCOME

This account shall include interest income from all sources applicable to the accounting period.

This account may include, as an increase or reduction of interest received, the proportionate part applicable to the accounting period of discount or premium required to extinguish at the date of maturity the difference between the par value and the purchase price of securities purchased by the air carrier. Such charges or credits shall be concurrently charged or credited to the account in which the securities are carried.

This account shall not include interest on securities issued or assumed by the air carrier and subsequently reacquired.

953 DIVIDEND INCOME

This account shall include the income from dividends on stocks of other companies owned by the air carrier. Dividends shall not be included in this account unless actually declared or guaranteed.

This account shall not include dividends on securities issued or assumed by the air carrier and subsequently reacquired.

954 AMORTIZATION OF PREMIUM ON DEBT

This account shall be credited with the proportionate part, applicable to the accounting period, of the unamortized premium on debt carried in account 232, "Other Deferred Credits."

Amortization of discount and expense on debt shall be charged to account 972, "Amortization of Discount and Expense on Debt."

955 NON-OPERATING PROPERTY AND EQUIPMENT INCOME

This account shall include gross revenue received or accrued from all non-operating property and equipment included in account 160, "Non-Operating Property and Equipment." It shall also include profit on the sale, exchange, or retirement of all property and equipment included in account 160, "Non-Operating Property and Equipment."

Subaccounts with appropriate titles shall be established for the revenue from each class of property and the accounts shall be maintained with sufficient particularity to reveal clearly the periods covered and the nature of each item of revenue.

956 NON-TRANSPORT DIVISIONS PROFITS

This account shall include the monthly net profits of separately operated divisions not engaged in transportation and incidental operations.

A subaccount with appropriate title shall be established for each separately operated division and the monthly credit to this account shall be charged to the appropriate subaccount under account 125, "Advances."

957 FOREIGN EXCHANGE—GAIN

This account shall include the monthly profits resulting from foreign exchange of currency in connection with the air carrier's transportation operations.

When a fixed rate of exchange is used for conversion purposes such "book rate" should be adjusted monthly on the basis of prior month rates and the resulting credit made to this account.

In countries where a free rate of exchange prevails a fixed monthly book rate should be used and adjusted monthly or periodically as current fluctuations justify and the resulting credit made to this account. In countries where free exchange does not prevail, a fixed monthly book rate should be used and exchange gains resulting from liquidation of current assets and liabilities credited to this account.

958 RETIREMENTS OF OPERATING PROPERTY AND EQUIPMENT—GAIN

This account shall include the gain on disposal of all operating property and equipment included in account 150, "Operating Property and Equipment," whether retired by sale or other disposition, *except* in cases of involuntary conversion where the carrier elects to establish a replacement fund under Section 112 (f) of the Internal Revenue Code.

Gain on retirements is defined as the difference between the net book value of the operating property or equipment retired and the sale price or salvage value.

Loss on disposal of operating property and equipment shall not be charged to this account but to account 978, "Retirements of Operating Property and Equipment—Loss."

Gain on disposal of non-operating property and equipment recorded in account 160, "Non-Operating Property and Equipment," shall be included in account 955, "Non-Operating Property and Equipment Income."

Gain or loss on assets in the possession of separately operated divisions of the air carrier shall be accounted for on the books of separately operated divisions and treated by the air carrier as a part of monthly net profit or loss of separately operated divisions.

959 OTHER NON-OPERATING INCOME

This account shall include all non-operating income of the air carrier not provided for in non-operating income accounts 951 to 958, inclusive.

This account shall be credited with royalties from patents; profits on the reacquirement of the air carrier's long term debt; and profits on the sale of stocks, bonds, and other securities owned by the air carrier.

DEDUCTIONS FROM GROSS INCOME

Account Number	*Account*
970	Deductions from Gross Income
971	Interest expense
972	Amortization of discount and expense on debt
973	Non-operating property and equipment expenses
974	Non-transport divisions losses
975	Extension and development
976	Foreign exchange—Loss
977	Uncollectible revenues—Reserve Provision
978	Retirements of operating property and equipment—Loss
979	Other deductions from gross income

971 INTEREST EXPENSE

This account shall include interest expense on an accrual basis applicable to the accounting period, on long term debt, short term obligations, and interest and penalties on unpaid taxes and all other classes of debt.

Subaccounts shall be established for (a) Interest on long term debt and (b) Miscellaneous interest expense, and shall be maintained with sufficient particularity to reveal clearly the periods covered and the nature of each item of expense.

972 AMORTIZATION OF DISCOUNT AND EXPENSE ON DEBT

This account shall be charged with the proportionate part, applicable to the accounting period, of the discount and expense on debt carried in account 174, "Other Deferred Charges."

Amortization of premium on debt shall be credited to account 954, "Amortization of Premium on Debt."

973 NON-OPERATING PROPERTY AND EQUIPMENT EXPENSES

This account shall be charged with expenses paid or accrued in connection with all non-operating property and equipment included in account 160, "Non-Operating Property and Equipment," and shall include maintenance, repairs, depreciation, all related taxes, etc. It shall also include losses on the sale, exchange, or retirement of all property and equipment included in account 160, "Non-Operating Property and Equipment."

Subaccounts with appropriate titles shall be established to record expenses applicable to each class of property and the accounts shall be maintained with sufficient particularity to reveal clearly the periods covered and the nature of each item of expense.

974 NON-TRANSPORT DIVISIONS LOSSES

This account shall include the monthly net losses of separately operated divisions, not engaged in transportation and incidental operations.

A subaccount with appropriate title shall be established for each separately operated division and the monthly charge to this account shall be credited to the appropriate subaccount under account 125, "Advances."

975 EXTENSION AND DEVELOPMENT

Expenses pertaining to extension and development projects, at the option of the air carrier, may be charged directly to this account or accumulated in account 172, "Extension and Development Projects," and written off or amortized by charges to this account and concurrent credits to account 262, "Accrued Amortization—Extension and Development Projects." This account shall become the final repository of all expenses incurred in the development of new routes and the extension of existing routes. Expenses of intervening in new route or route extension proceedings shall be charged directly to this account.

There shall be included in the cost of such projects all related expenses such as travel and incidental expenses, legal expenses, and regulatory bodies expenses. Salaries shall include not only employees engaged wholly in connection with such projects but a proportionate part of other employees' salaries when a substantial part of their time is devoted to such projects.

Separate subaccounts shall be established for the purpose of definitely separating the expenses of each project and the records supporting the entries in each subaccount shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense. The items of expense shall be classified in accordance with the following list in order to fulfill current reporting requirements:

Item List

Salaries of officers and employees

Expenses of officers and employees
- (a) Transportation
- (b) Subsistence
- (c) Telephone and telegraph
- (d) Miscellaneous

Expenses—Others
- (a) Transportation
- (b) Subsistence
- (c) Telephone and telegraph
- (d) Miscellaneous

Entertainment
Advertising
Promotional flights
Other promotional expenses
Legal fees
Witness fees
Special case preparation expenses

Technical development expenses
- (a) Survey flights
- (b) Professional fees
- (c) Other

Miscellaneous

Amounts charged off or amortized from account 172, "Extension and Development Projects"

976 FOREIGN EXCHANGE—LOSS

This account shall include the monthly losses resulting from foreign exchange of currency in connection with the air carrier's transportation operations.

When a fixed rate of exchange is used for conversion purposes such "book rate" should be adjusted monthly on the basis of prior month rates and the resulting debit made to this account.

In countries where a free rate of exchange prevails a fixed monthly book rate should be used and adjusted monthly or periodically as current fluctuations justify and the resulting debit made to this account. In countries where free exchange does not prevail, a fixed monthly book rate should be used and exchange losses resulting from liquidation of current assets and liabilities charged to this account.

977 UNCOLLECTIBLE REVENUES—RESERVE PROVISION

When prudent management dictates the establishment of a reserve against anticipated losses of considerable magnitude on accounts receivable, this account, at the option of the air carrier, shall be charged with accruals to such reserve and an appropriate subaccount under account 265, "Other Valuation Reserves," shall be concurrently credited.

Losses actually sustained, for which a reserve for uncollectible revenues has been established, shall be written off against the reserve account and amounts written off and subsequently collected shall be credited to this account.

This account shall not be charged with losses from accruals of nonoperating income. Such losses shall be charged to account 979, "Other Deductions from Gross Income."

Nothing herein stated shall be construed to relieve the air carrier from its responsibility to collect revenue in accordance with established rates for services performed.

978 RETIREMENTS OF OPERATING PROPERTY AND EQUIPMENT—LOSS

This account shall include the loss on disposal of all operating property and equipment included in account 150, "Operating Property and Equipment," whether retired by sale or other disposition.

Loss on retirements is defined as the difference between the net book value of the operating property or equipment retired and the sale price or salvage value.

Gain on disposal of operating property and equipment shall not be credited to this account but to account 958, "Retirements of Operating Property and Equipment—Gain."

Loss on disposal of non-operating property and equipment recorded in account 160, "Non-Operating Property and Equipment," shall be included in account 973, "Non-Operating Property and Equipment Expenses."

Gain or loss on assets in the possession of separately operated divisions of the air carrier shall be accounted for on the books of separately operated divisions and treated by the air carrier as a part of monthly net profit or loss of separately operated divisions.

979 OTHER DEDUCTIONS FROM GROSS INCOME

This account shall include all deductions from gross income of the air carrier not properly chargeable to accounts 971 to 978, inclusive.

This account shall be charged with the cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary; losses from obligations arising under contracts whereby the air carrier has guaranteed payment of money or performance of other obligations on the part of another corporation or person; rents paid or accrued, including taxes or other obligations assumed, for the use of rented property, equipment, and facilities which are not used in transportation or incidental services of the air carrier; losses on the reacquirement of the air carrier's long-term debt and losses on the sale of stocks, bonds, and other securities owned by the air carrier; and losses on accounts receivable which have been charged with non-operating income included in account group 950, "Non-Operating Income."

980 INCOME TAXES

This account shall include excess profits taxes, Federal, State, and foreign governments income taxes, undistributed surplus taxes, and other taxes imposed on net income and undistributed surplus.

This account shall be charged at regular monthly accounting periods, so far as practicable, with the proportionate tax accruals applicable to the period and the concurrent credits entered in account 208, "Taxes Accrued." When each actual tax liability has been ascertained, the total amount of such tax accumulated in this account shall be adjusted so as to include, as nearly as practicable, the total amounts of taxes applicable to the accounting period.

In the event the air carrier submits to the Civil Aeronautics Board separate 2380 reports for individual operating divisions, the estimated tax accruals to this account shall represent the operating division's proportionate part of the corporation's estimated total tax.

Penalties and interest on delinquent taxes shall be charged to account 971, "Interest Expense."

REPORTING PROCEDURE

GENERAL INSTRUCTIONS

All international air carriers subject to the Civil Aeronautics Act of 1938, as amended, and which do not file CAB Form 2780 pursuant to part (*b*) of Section 202.1, as amended, of the Economic Regulations, shall file with the Civil Aeronautics Board an original and one duplicate of each schedule comprising CAB Form 2380, "Report of Financial and Operating Statistics for International Air Carriers."

International air carriers operating air transportation divisions for which separate records and books of account are maintained, shall file, for each such separately operated air transport division, an original and one duplicate of CAB Form 2380, *except* Schedules 6 (a), 6 (b), F, G, and H.

In addition to the schedules filed for air transportation divisions, an original and one duplicate of Schedules 1, 2, 3, 4, 6 (a), 6 (b), F, G, and H shall be filed covering the air carrier's system operations. The consolidated schedules thus filed *shall not* include the operating results of affiliated companies.

All revenues and expenses and all operating and traffic data relating to war contract operations shall be excluded, except as hereinafter provided, from CAB Form 2380 and only the revenues, net expenses, and operating and traffic data relating to commercial operations shall be shown. Fees or net operating profit from war contract operations shall be included in Account 959, "Other Non-Operating Income," on Schedule 4 of CAB Form 2380. Expenses of war contract operations shall not be excluded from Schedules 6 (a) and 6 (b). When expenses of war contract operations are included in Schedules 6 (a) and 6 (b), such schedules shall bear the notation "Confidential" and the Board will accordingly withhold these schedules from public inspection. In the event all operations of the carrier, or any division of the carrier, are under war contracts with the United States Government, such operations shall be reported on CAB Form 2380 for confidential use of the Board.

FILING OF SCHEDULES

All schedules comprising CAB Form 2380 shall be filed on a monthly basis with the exception of Schedules A to H, inclusive, which shall be filed annually as part of the report for the month of December of each year. Subject to the Board's approval, on application by the carrier, Schedules 8 (a), 8 (b), 8 (c), and 14 may be filed on a quarterly basis.

Schedules 17 and 18 shall be filed with the Board not later than the 20th day of the first month following the month for which the report is being made.

Schedules 1 to 16, inclusive, and Schedules A to H, inclusive, shall be filed on the 15th day of the second month following the period for which report is being made.

The oath shall be executed by an officer of the air carrier in charge of the accounts, and shall be attached to the schedules filed on the 15th day of the second month following the period for which the report is made, but shall verify all schedules filed as part of the report whether such schedules are filed at the same time as the oath or previously.

The report shall be prepared from and agree with the accounts and records of the air carrier kept in conformity with the Uniform System of Accounts for International Air Carriers prescribed by the Civil Aeronautics Board. Each report shall include the results of all financial transactions and the required operating statistics from the first business day to the last business day, inclusive, of the periods reported.

All supporting schedules included in the report must agree with related amounts in all other schedules. When the analysis of an account requires the statement of balances at the beginning and end of the month, the balance at the beginning of the month shall agree with the amount reported at the end of the next preceding month and the balance at the end of the month shall agree with the current balance sheet.

In all schedules where explanations are required, such as additions and charges in Schedule 2, RECONCILIATION OF SURPLUS ACCOUNTS, if the space provided in the schedule is insufficient to reveal clearly the nature of each item entered therein and the period to which applicable, appropriate notes shall be inserted and the explanation continued on the reverse side of the schedule.

Credit balances in normal debit balance accounts and debit balances in normal credit balance accounts shall be shown on the reports in red or indicated by appropriate symbols and footnotes.

Each schedule of the report shall be prepared in accordance with these general instructions and the special instructions hereinafter set forth.

COLUMBIA UNIVERSITY LIBRARIES

RECEIVED

GENERAL INSTRUCTIONS

All international air carriers subject to the Civil Aeronautics Act of 1938, as amended, and which do not file CAB Form 2780 pursuant to part (*b*) of Section 202.1, as amended, of the Economic Regulations, shall file with the Civil Aeronautics Board an original and one duplicate of each schedule comprising CAB Form 2380, "Report of Financial and Operating Statistics for International Air Carriers."

International air carriers operating air transportation divisions for which separate records and books of account are maintained, shall file, for each such separately operated air transport division, an original and one duplicate of CAB Form 2380, *except* Schedules 6 (a), 6 (b), F, G, and H.

In addition to the schedules filed for air transportation divisions, an original and one duplicate of Schedules 1, 2, 3, 4, 6 (a), 6 (b), F, G, and H shall be filed covering the air carrier's system operations. The consolidated schedules thus filed *shall not* include the operating results of affiliated companies.

All revenues and expenses and all operating and traffic data relating to war contract operations shall be excluded, except as hereinafter provided, from CAB Form 2380 and only the revenues, net expenses, and operating and traffic data relating to commercial operations shall be shown. Fees or net operating profit from war contract operations shall be included in Account 959, "Other Non-Operating Income," on Schedule 4 of CAB Form 2380. Expenses of war contract operations shall not be excluded from Schedules 6 (a) and 6 (b). When expenses of war contract operations are included in Schedules 6 (a) and 6 (b), such schedules shall bear the notation "Confidential" and the Board will accordingly withhold these schedules from public inspection. In the event all operations of the carrier, or any division of the carrier, are under war contracts with the United States Government, such operations shall be reported on CAB Form 2380 for confidential use of the Board.

603521—44

REPORTING PROCEDURE

FILING OF SCHEDULES

All schedules comprising CAB Form 2380 shall be filed on a monthly basis with the exception of Schedules A to H, inclusive, which shall be filed annually as part of the report for the month of December of each year. Subject to the Board's approval, on application by the carrier, Schedules 8 (a), 8 (b), 8 (c), 14 (a), and 14 (b) may be filed on a quarterly basis.

Schedules 17 and 18 shall be filed with the Board not later than the 20th day of the first month following the month for which the report is being made.

Schedules 1 to 16, inclusive, and Schedules A to H, inclusive, shall be filed on the 15th day of the second month following the period for which report is being made.

If a carrier finds that circumstances will prevent the filing of a report within the prescribed time limit, consideration will be given to the granting of an extension upon receipt of a written request therefor. Such a request must set forth good and sufficient reason to justify granting the extension and be submitted sufficiently in advance of the due date to permit proper consideration. If a request is denied, the carrier is in no manner relieved of filing the report within the prescribed time limit, or of the consequences of delinquency in filing.

The oath shall be executed by an officer of the air carrier in charge of the accounts, and shall be attached to the schedules filed on the 15th day of the second month following the period for which the report is made, but shall verify all schedules filed as part of the report whether such schedules are filed at the same time as the oath or previously.

The report shall be prepared from and agree with the accounts and records of the air carrier kept in conformity with the Uniform System of Accounts for International Air Carriers prescribed by the Civil Aeronautics Board. Each report shall include the results of all financial transactions and the required operating statistics from the first business day to the last business day, inclusive, of the periods reported.

All supporting schedules included in the report must agree with related amounts in all other schedules. When the analysis of an account requires the statement of balances at the beginning and end of the month, the balance at the beginning of the month shall agree with the amount reported at the end of the next preceding month and the balance at the end of the month shall agree with the current balance sheet.

In all schedules where explanations are required, such as additions and charges in Schedule 2, RECONCILIATION OF SURPLUS ACCOUNTS, if the space provided in the schedule is insufficient to reveal clearly the nature of each item entered therein and the period to which applicable, appropriate notes shall be inserted and the explanation continued on the reverse side of the schedule.

Credit balances in normal debit balance accounts and debit balances in normal credit balance accounts shall be shown on the reports in red or indicated by appropriate symbols and footnotes.

Each schedule of the report shall be prepared in accordance with these general instructions and the special instructions hereinafter set forth.

SCHEDULE 1—BALANCE SHEET

Account 104 (e), Accounts receivable—Air travel plan;
Account 204, Air travel plan liability.—The balances in these accounts shall be shown on the balance sheet in gross amounts and not be offset either in total or for each subscriber.

Account 104 (f), Accounts receivable—Associated companies;
Account 104 (g), Accounts receivable—Affiliated companies;
Account 202 (a), Accounts payable—Associated companies;
Account 202 (b), Accounts payable—Affiliated companies.—The balances in these accounts shall be shown on the balance sheet in net amounts for each associated and each affiliated company but shall not be offset in totals.

Account 105, Airline traffic accounts receivable;
Account 203, Airline traffic accounts payable.—The balances in these accounts shall be shown on the balance sheet in gross amounts and shall not be offset either in total or for each air line.

Account 125, Advances;
Account 225, Advances.—The net balance for each affiliate and division shall be appropriately shown in these accounts on the balance sheets. Negative balances shall not be offset in totals.

Account 220, Long term debt.—When this account includes reacquired long term debt held pending disposition and not retired, an appropriate note or symbol shall be inserted following the title of the account and an explanation appended either as a footnote or on the reverse side of the schedule.

Account 265, Other valuation reserves.—The amount of such reserves applicable to each asset account shall be shown in Schedule 13, APPLICATION OF VALUATION RESERVES. The net value of the asset shall be shown on the balance sheet.

Account 281, Preferred stock—Par value;
Account 282, Common stock—Par value.—The indented blank spaces opposite these accounts (par value) are provided for the insertion of the par value of each share and not the total par value of all outstanding shares of each class. No par value stock shall be indicated by inserting the word "No."

Profit or loss—Year to date.—This item on the liability side of the balance sheet shall include the net income for the calendar year to date brought forward from column 4, Schedule 3, STATEMENT OF PROFIT AND LOSS.

Contingent assets and liabilities shall not be included in the body of the balance sheet but shall be referred to as footnotes with full explanation thereof on the reverse side of the schedule. However, this may be omitted from all monthly reports except the report for the month of December of each year.

INTENTIONAL SECOND EXPOSURE

REPORTING PROCEDURE

FILING OF SCHEDULES

All schedules comprising CAB Form 2380 shall be filed on a monthly basis with the exception of Schedules A to H, inclusive, which shall be filed annually as part of the report for the month of December of each year. Subject to the Board's approval, on application by the carrier, Schedules 8 (a), 8 (b), 8 (c), 14 (a), and 14 (b) may be filed on a quarterly basis.

Schedules 17 and 18 shall be filed with the Board not later than the 20th day of the first month following the month for which the report is being made.

Schedules 1 to 16, inclusive, and Schedules A to H, inclusive, shall be filed on the 15th day of the second month following the period for which report is being made.

If a carrier finds that circumstances will prevent the filing of a report within the prescribed time limit, consideration will be given to the granting of an extension upon receipt of a written request therefor. Such a request must set forth good and sufficient reason to justify granting the extension and be submitted sufficiently in advance of the due date to permit proper consideration. If a request is denied, the carrier is in no manner relieved of filing the report within the prescribed time limit, or of the consequences of delinquency in filing.

The oath shall be executed by an officer of the air carrier in charge of the accounts, and shall be attached to the schedules filed on the 15th day of the second month following the period for which the report is made, but shall verify all schedules filed as part of the report whether such schedules are filed at the same time as the oath or previously.

The report shall be prepared from and agree with the accounts and records of the air carrier kept in conformity with the Uniform System of Accounts for International Air Carriers prescribed by the Civil Aeronautics Board. Each report shall include the results of all financial transactions and the required operating statistics from the first business day to the last business day, inclusive, of the periods reported.

All supporting schedules included in the report must agree with related amounts in all other schedules. When the analysis of an account requires the statement of balances at the beginning and end of the month, the balance at the beginning of the month shall agree with the amount reported at the end of the next preceding month and the balance at the end of the month shall agree with the current balance sheet.

In all schedules where explanations are required, such as additions and charges in Schedule 2, RECONCILIATION OF SURPLUS ACCOUNTS, if the space provided in the schedule is insufficient to reveal clearly the nature of each item entered therein and the period to which applicable, appropriate notes shall be inserted and the explanation continued on the reverse side of the schedule.

Credit balances in normal debit balance accounts and debit balances in normal credit balance accounts shall be shown on the reports in red or indicated by appropriate symbols and footnotes.

Each schedule of the report shall be prepared in accordance with these general instructions and the special instructions hereinafter set forth.

SCHEDULE 1—BALANCE SHEET

Account 104 (e), Accounts receivable—Air travel plan;
Account 204, Air travel plan liability.—The balances in these accounts shall be shown on the balance sheet in gross amounts and not be offset either in total or for each subscriber.

Account 104 (f), Accounts receivable—Associated companies;
Account 104 (g), Accounts receivable—Affiliated companies;
Account 202 (a), Accounts payable—Associated companies;
Account 202 (b), Accounts payable—Affiliated companies.—The balances in these accounts shall be shown on the balance sheet in net amounts for each associated and each affiliated company but shall not be offset in totals.

Account 105, Airline traffic accounts receivable;
Account 203, Airline traffic accounts payable.—The balances in these accounts shall be shown on the balance sheet in gross amounts and shall not be offset either in total or for each air line.

Account 125, Advances;
Account 225, Advances.—The net balance for each affiliate and division shall be appropriately shown in these accounts on the balance sheets. Negative balances shall not be offset in totals.

Account 220, Long term debt.—When this account includes reacquired long term debt held pending disposition and not retired, an appropriate note or symbol shall be inserted following the title of the account and an explanation appended either as a footnote or on the reverse side of the schedule.

Account 265, Other valuation reserves.—The amount of such reserves applicable to each asset account shall be shown in Schedule 13, APPLICATION OF VALUATION RESERVES. The net value of the asset shall be shown on the balance sheet.

Account 281, Preferred stock—Par value;
Account 282, Common stock—Par value.—The indented blank spaces opposite these accounts (par value) are provided for the insertion of the par value of each share and not the total par value of all outstanding shares of each class. No par value stock shall be indicated by inserting the word "No."

Profit or loss—Year to date.—This item on the liability side of the balance sheet shall include the net income for the calendar year to date brought forward from column 4, Schedule 3, STATEMENT OF PROFIT AND LOSS.

Contingent assets and liabilities shall not be included in the body of the balance sheet but shall be referred to as footnotes with full explanation thereof on the reverse side of the schedule. However, this may be omitted from all monthly reports except the report for the month of December of each year.

SCHEDULE 3—STATEMENT OF PROFIT AND LOSS

Column 3, Cents per revenue mile shall be obtained by dividing each amount in column 2 by the total revenue miles flown for the current month as shown on line 7, Schedule 18, FLIGHT STATISTICS. The quotient shall be limited to two places beyond the decimal point.

Column 4, Year to date—Amount.—The final amount in this column represents the profit or loss for the calendar year to date and shall agree with the corresponding amount in the balance sheet. Each amount in this column shall agree with the total of the corresponding amount in the next preceding monthly report plus the amount in column 2 of the current report.

Column 5, Year to date—Cents per revenue mile shall be obtained by dividing each amount in column 4 by the total revenue miles flown from the beginning of the calendar year to the date of the balance sheet. The quotient shall be limited to two places beyond the decimal point.

SCHEDULE 4—INCOME ACCOUNTS

Account 958, Retirement of equipment—Gain;

Account 978, Retirement of equipment—Loss.—The amounts shown in these accounts shall agree with the gains and losses, respectively, shown in column 25, Schedule 16, OPERATING PROPERTY AND EQUIPMENT RETIRED. Gains shall not be offset against losses.

SCHEDULE 5—AIRCRAFT OPERATING EXPENSES

Revenue miles flown for the month, shown in the lower part of the schedule, shall be the total revenue miles flown shown on line 7, Schedule 18, FLIGHT STATISTICS.

Revenue hours flown for the month shall be the total revenue airplane hours flown for the month.

Cost per revenue mile and cost per revenue hour shall be stated in terms of "cents" per mile and "dollars" per hour and shall be obtained by dividing the total aircraft operating expenses by total revenue miles flown and total revenue airplane hours flown, respectively. The quotient shall be limited to two places beyond the decimal point.

Year to date figures shall be based on the calendar year. "*Revenue miles flown*" and "*Revenue hours flown*," year to date, shall be the sum of the accumulated totals reported for preceding months plus the current month.

SCHEDULE 6—GROUND AND INDIRECT EXPENSES

The total for each account group shown on this schedule shall agree with the amounts shown opposite the corresponding account group in column 2, Schedule 3, STATEMENT OF PROFIT AND LOSS.

The amounts reported for each account in columns 6 and 7, page 2, relating to maintenance of flight equipment shall agree with the corresponding accounts shown in column 2, Schedule 5, AIRCRAFT OPERATING EXPENSES.

SCHEDULE 6 (a)—SYSTEM EXPENSES

This schedule is to be used for reporting system expenses incurred by the carrier for the joint benefit of its operating divisions, and affiliated or associated companies, when separate accounts are maintained for such expenses. This schedule is to be included with Schedules 1, 2, 3, and 4 in the monthly report covering the combined operations of the air carrier, which are to be submitted in addition to the schedules for air transport operating divisions.

SCHEDULE 6 (b)—DISTRIBUTION OF SYSTEM EXPENSES

This schedule is to be used to report the distribution of expenses reported on Schedule 6 (a) to the operating divisions of the air carrier and affiliated or associated companies.

Column 1 shall include the name of each company and division absorbing system general and administrative expenses. Under the name of each company and division shall be shown the bases upon which the prorations are made (commission, specific charge, ton miles, etc.). In the event ton miles are used as a basis of proration, the ton miles flown by each company and division shall also be shown.

SCHEDULE 7—MAINTENANCE SHOP OPERATING REPORT

Columns 3 to 11, inclusive, may, at the option of the air carrier, be used for distribution of expenses to departments.

Burden percentage shall be obtained by dividing the total cost of indirect equipment maintenance expenses by the total productive labor costs.

SCHEDULE 8 (a)—STATION EXPENSES INCURRED BY CARRIER

This schedule is designed to cover all expenses incurred directly by the air carrier in connection with the operation of airports, traffic offices, etc.

Column 1, Name and location, shall contain, in alphabetical sequence, the name of each city or other geographic location at which direct expenses are incurred. Airports, traffic offices, and general operations or maintenance bases at each location shall be individually identified.

SCHEDULE 8 (b)—JOINT FACILITIES EXPENSES CHARGED BY OTHERS

This schedule is designed to cover all costs and fees charged the air carrier for the joint use of facilities owned or operated by others.

Column 1, Name and location.—Under subheadings indicating the company or division charging the air carrier for the joint use of facilities, the reporting carrier shall list, in alphabetical sequence, the name of each city or other geographic location at which joint costs are incurred. Airports, traffic offices, and general operations or maintenance bases at each location shall be individually identified.

Columns 2 to 11, inclusive.—Subtotals in the appropriate columns shall indicate the total costs prorated to the reporting carrier by each company or division shown in column 1.

Lines 61 to 63, inclusive.—In column 1 shall be listed the name of each company charging the air carrier for interest on investment in joint facilities. The amounts charged for interest on investment shall be entered under the appropriate account group.

SCHEDULE 8 (c)—JOINT FACILITIES EXPENSES CHARGED TO OTHERS

This schedule is designed to cover all costs charged others for the joint use of facilities owned or operated by the air carrier.

Column 1, Name and location.—Under subheadings indicating the company or division charged for the joint use of facilities, the reporting carrier shall list, in alphabetical sequence, the name of each city or other geographic location at which joint costs are incurred. Airports, traffic offices, and general operations or maintenance bases at each location shall be individually identified.

Columns 2 to 11, inclusive.—Subtotals in the appropriate columns shall indicate the total costs prorated by the reporting carrier to each company or division listed on column 1.

Rental fees charged others, or interest charged others on investment in facilities used jointly with others, shall not be included in this schedule.

The sum of the totals shown for each account group on Schedules 8 (a), 8 (b), and 8 (c) shall agree with the total reported for each corresponding account group on Schedule 6, GROUND AND INDIRECT EXPENSES.

SCHEDULE 9—JOINT FACILITIES AND OTHER SPECIAL SERVICES

The amounts shown in column 2 shall agree with the amounts reported for the corresponding accounts on Schedules 4, 6, and 7. The name of each company and division, together with the amounts charged or credited such companies and divisions shall be shown in columns 3 to 11, inclusive.

SCHEDULE 11—FOREIGN MAIL ACCOUNTS

Lines 1 to 41, inclusive.

Column 1 shall contain the name of each foreign country from whom the reporting carrier receives payment for carrying mail.

Column 3, Accrual.—This column shall include the total accruals for the current month of revenues earned for the transportation of mails applicable to each country listed in column 1.

Column 4, Collections.—This column shall include the total amount collected during the current month from each government for the transportation of its mail. It shall also include amounts written off during the month. An appropriate explanation of any write-off shall be provided on the reverse side of this schedule.

Column 5, Closing balance—Amount.—The amount shown on line 42, "Totals," shall agree with the corresponding amount reported in account 104 (c), "Accounts Receivable—Foreign Mail Pay," on Schedule 1.

Column 6, Closing balance—No. months.—This column shall reflect the number of months' revenue represented by the balances shown in column 5.

Column 7, Unbilled by U. S. P. O. D.—This column shall reflect the amounts accrued by the air carrier, and included in column 5 and in account 104 (c), "Accounts Receivable—Foreign Mail Pay," which have not been billed foreign governments by the United States Post Office Department at the close of the current month.

Column 8, Accounts with other air carriers.—This column shall include the foreign mail revenues accrued by the air carrier during the current month and due other air carriers, under agreements, as their proportionate share of the revenues earned from the countries listed in column 1 for the transportation of mail.

Column 9, Domestic handling charges shall include the air carrier's proportionate share of amounts charged by the United States Post Office Department for handling mails inbound to the United States when such charges relate to the revenues accrued in column 3.

Column 10, Net foreign mail revenue shall reflect the net foreign mail revenue earned by the air carrier during the current month from the countries listed in column 1. It shall represent the difference between the amounts reported in column 3 and the sum of the amounts shown in columns 8 and 9.

Lines 43 to 57, inclusive.

Column 1, Due from other air carriers, shall contain the names of other air carriers from whom the reporting carrier receives payment for the transportation of foreign mails. "*Other air carriers*" shall include separately operated divisions of the reporting carrier as well as other air carriers.

Columns 2 to 7, inclusive, may be used at the option of the air carrier.

Column 8, Accounts with other air carriers, shall include the foreign mail revenues originally accrued by the air carriers listed in column 1 and earned by the reporting carrier as its proportionate share of the total revenues earned for the transportation of such mails.

Column 9, Domestic handling charges, shall include the air carrier's proportionate share, if any, of amounts charged by the United States Post Office Department for handling foreign mails inbound to the United States when such charges relate to the revenues included in column 8.

Column 10, Net foreign mail revenue, shall reflect the air carrier's net share of revenue earned, from the carriers listed in column 1, for the onward movement of foreign mail. It shall represent the difference between column 8 and column 9.

Line 59, Columns 10 and 11, shall be the sum of lines 42 and 58, columns 10 and 11, and shall agree with the corresponding amounts shown opposite account 302 (b), "Mail—Foreign," on Schedule 3.

SCHEDULE 12

CHARGES RELATING TO EXTENSION AND DEVELOPMENT

The description under column 1 shall be sufficiently comprehensive to reveal the purpose of the charges and shall include CAB Docket numbers, if any. The description shall indicate the nature of the cost which has been incurred, such as "survey flights." When amounts reported in column 3, Amounts charged—Account 975, represent amortization of costs previously capitalized, the description of each item being amortized and the notation "amortization" shall be entered in column 1.

Column 2, Account 172, shall contain the amounts charged account 172, "Extension and Development Projects," during the current month.

Column 3, Account 975, shall contain the amounts charged account 975, "Extension and Development," during the current month. The total shown in this column shall agree with the amount shown for the current month opposite account 975, "Extension and Development," on Schedule 4, Deductions From Gross Income.

EXTENSION AND DEVELOPMENT

The description of each individual project carried in accounts 172, "Extension and Development Projects," and 262, "Accrued Amortization—Extension and Development Projects," shall be listed in column 4.

Projects which have been fully amortized and not written off as at the date of the report may be shown in total.

SCHEDULE 13—OPERATING, VALUATION, AND SURPLUS RESERVES

APPLICATION OF VALUATION RESERVES—PAGE 2

This sub-schedule shall be used to reflect the application of valuation reserves provided for under account group 265, "Other Valuation Reserves."

SCHEDULE 14—INVENTORY ANALYSIS

In column 1 under "Aircraft" shall be shown the type and model of aircraft to which spare parts and assemblies owned by the carrier are specifically related (for example, Douglas DC-3). The information pertaining thereto shall be reported in columns 2 to 10, inclusive. Similar procedure shall be followed for "Aircraft Engines" and "Other Flight Equipment." Subtotals shall be shown for each of the three categories.

The totals of current inventories and noncurrent inventories shown in column 9 shall agree with the corresponding amounts shown on Schedule 1, BALANCE SHEET.

The total of Flight Equipment Spare Parts and Assemblies—Net Book Value, column 9, shall agree with the total reported for account 1506, "Flight Equipment Spare Parts and Assemblies," in column 7 of Schedule 15.

In column 10 shall be reported the basis or method of accrual to the reserve and the period over which the reserve is being provided. When this information has been furnished in one report, it will not be necessary to repeat except in the December reports. However, when during any month the basis or method of accrual has been changed on inventory relating to any type of flight equipment, the new basis shall be set forth in the report for that month.

SCHEDULE 16

AIRCRAFT AND AIRCRAFT ENGINES ACQUIRED

This part of Schedule 16 is designed to report the acquisition of all aircraft and aircraft engines during the month. Aircraft shall be listed first, followed by the listing of aircraft engines; both shall be listed by individual units.

Column 6 does not apply to aircraft and columns 7, 8 and 9, do not apply to aircraft engines.

Column 1, Date acquired.—When aircraft or aircraft engines are acquired by transfer from affiliated companies and divisions the air carrier should indicate both the date of original acquisition and the date of transfer. Each date listed in this column shall include the day of the month.

Column 3, License number, shall contain the license number of each airplane acquired and the manufacturer's number of each aircraft engine acquired.

Column 6, Rated horsepower, shall report the rated horsepower of each aircraft engine acquired.

Column 8, Disposable load, is defined as the difference between the gross weight which the airplane is licensed to carry into the air minus the weight of the airplane empty and the weight of all justifiable airplane equipment. It constitutes that weight which can be placed in the airplane. When there is a difference between the disposable load for winter operation and summer operation, both should be shown.

Column 9, Passenger capacity of planes designed with sleeping accommodations shall be shown both as a day plane and as a sleeper plane.

Columns 10 and 11.—When aircraft or aircraft engines are purchased from outside parties the cost of each unit shall be shown in column 10, Cost or book value. When aircraft or aircraft engines are acquired by transfer from affiliated companies and divisions, the book value of each unit shall be entered in column 10, Cost or book value, and the accrued depreciation shall be shown in column 11, Accrued depreciation.

OPERATING PROPERTY AND EQUIPMENT RETIRED

This part of Schedule 16 is designed to report retirements of all operating property and equipment during the month. Aircraft shall be listed first, followed by the listing of aircraft engines and then all other property and equipment. Retirements of aircraft and aircraft engines shall be reported by individual units; all other property and equipment retirements shall be listed in total for the current month by the respective accounts. Subtotals shall be entered in columns 21 to 25, inclusive, for aircraft retired and also for aircraft engines retired.

U.S. Civil aeronautics Board

COLUMBIA UNIVERSITY LIBRARIES

SEP 23 1944

RECEIVED

Column 3, Account 975, shall contain the amounts charged account 975, "Extension and Development," during the current month. The total shown in this column shall agree with the amount shown for the current month opposite account 975, "Extension and Development," on Schedule 4, Deductions From Gross Income.

EXTENSION AND DEVELOPMENT

The description of each individual project carried in accounts 172, "Extension and Development Projects," and 262, "Accrued Amortization—Extension and Development Projects," shall be listed in column 4.

Projects which have been fully amortized and not written off as at the date of the report may be shown in total.

SCHEDULE 13—OPERATING VALUATION, AND SURPLUS RESERVES

APPLICATION OF VALUATION RESERVES—PAGE 2

This sub-schedule shall be be used to reflect the application of valuation reserves provided for under account group 265, "Other Valuation Reserves."

SCHEDULE 14 (a)—FLIGHT EQUIPMENT SPARE PARTS AND ASSEMBLIES

In column 1 under "Aircraft" shall be shown the type and model of aircraft to which spare parts and assemblies owned by the carrier are specifically related (for example, Douglas DC-3). The information pertaining thereto shall be reported in columns 2 to 10, inclusive. Similiar procedure shall be followed for "Aircraft Engines" and "Other Flight Equipment." Subtotals shall be shown for each of the three categories.

The total net book value shown in column 9 shall agree with the total reported for account 1506, "Flight Equipment Spare Parts and Assemblies," in column 7 of Schedule 15.

In column 10 shall be reported the basis or method of accrual to the reserve and the period over which the reserve is being provided. When this information has been furnished in one report, it will not be necessary to repeat except in the December reports. However, when during any month the basis or method of accrual has been changed on inventory relating to any type of flight equipment, the new basis shall be set forth in the report for that month.

SCHEDULE 16

AIRCRAFT AND AIRCRAFT ENGINES ACQUIRED

This part of Schedule 16 is designed to report the acquisition of all aircraft and aircraft engines during the month. Aircraft shall be listed first, followed by the listing of aircraft engines; both shall be listed by individual units.

Column 6 does not apply to aircraft and columns 7, 8 and 9, do not apply to aircraft engines.

Column 1, Date acquired.—When aircraft or aircraft engines are acquired by transfer from affiliated companies and divisions the air carrier should indicate both the date of original acquisition and the date of transfer. Each date listed in this column shall include the day of the month.

Column 3, License number, shall contain the license number of each airplane acquired and the manufacturer's number of each aircraft engine acquired.

Column 6, Rated horsepower, shall report the rated horsepower of each aircraft engine acquired.

Column 8, Disposable load, is defined as the difference between the gross weight which the airplane is licensed to carry into the air minus the weight of the airplane empty and the weight of all justifiable airplane equipment. It constitutes that weight which can be placed in the airplane. When there is a difference between the disposable load for winter operation and summer operation, both should be shown.

Column 9, Passenger capacity of planes designed with sleeping accommodations shall be shown both as a day plane and as a sleeper plane.

Columns 10 and 11.—When aircraft or aircraft engines are purchased from outside parties the cost of each unit shall be shown in column 10, Cost or book value. When aircraft or aircraft engines are acquired by transfer from affiliated companies and divisions, the book value of each unit shall be entered in column 10, Cost or book value, and the accrued depreciation shall be shown in column 11, Accrued depreciation.

OPERATING PROPERTY AND EQUIPMENT RETIRED

This part of Schedule 16 is designed to report retirements of all operating property and equipment during the month. Aircraft shall be listed first, followed by the listing of aircraft engines and then all other property and equipment. Retirements of aircraft and aircraft engines shall be reported by individual units; all other property and equipment retirements shall be listed in total for the current month by the respective accounts. Subtotals shall be entered in columns 21 to 25, inclusive, for aircraft retired and also for aircraft engines retired.

Column 15, Date retired, and *Column 16, Date acquired.*—Each date listed in these two columns shall include the day of the month.

Column 17, License number, shall report the license number of each aircraft retired and the manufacturer's number of each aircraft engine retired.

Column 19, Type and Model, shall report the type and model of each aircraft and aircraft engine retired. It shall also include the titles of other operating property and equipment accounts affected by retirements.

Column 20, Total hours flown, shall report the total hours flown since original acquisition by each aircraft and each aircraft engine retired.

Column 21, Cost or Book value.—The amounts in this column shall correspond by accounts with the amounts shown in column 4 of Schedule 15, Operating Property and Equipment.

Column 24, Realization, shall be apportioned when necessary to each item listed on the schedule. Cost of sale, if any, incurred in connection with retirements of operating property and equipment shall be deducted from the sale price and the net amount shown in this column.

Column 26, Disposition, shall be used to indicate the final disposition of items retired. When equipment is sold or transferred the name of the person to whom sold or the name of the division or affiliate to which transferred shall be shown.

SCHEDULE 17—TRAFFIC REPORT

Direct airport-to-airport mileage shall constitute the basis of computation in respect to all items on this schedule.

Traffic statistics for charter and other nonscheduled revenue flights (line 6, Schedule 18) shall not be included in data reported on this schedule.

Columns 3 and 7, U. S. mail flights.—The statistics reported in these columns shall relate to the traffic on all flights designated by the Postmaster General of the United States of America as being available for United States mail. Extra sections to designated U. S. mail flights shall also be included.

Columns 4 and 8, Passenger and foreign mail.—The statistics reported in these columns shall relate to the traffic on all flights, including extra sections, not designated as available for United States mail and which are not exclusive express and freight flights.

Passengers carried.—The total passengers carried in each service in scheduled operations shall appear under the appropriate service specified in columns 3 to 5, inclusive, and columns 7 to 9, inclusive. The total passengers carried in scheduled operations of the reporting carrier shall appear in columns 2 and 6, Total.

Company employees is defined as the employees of the air carrier transported without transportation charge.

Other non-revenue passengers is defined as all persons transported without charge and not included in "company employees."

Passenger miles is defined as miles flown per each interstation trip multiplied by the number of passengers carried on that trip.

Pounds carried is defined as the number of pounds of mail, express and freight, and excess baggage carried in each specified service of the air carrier.

Ton miles is defined as the revenue miles flown per each interstation trip multiplied by the number of short tons carried.

Available seat miles operated is defined as the number of seats available for the carriage of passengers (as distinguished from the rated passenger carrying capacity of the aircraft) multiplied by the miles flown per each interstation trip.

Revenue passenger load factor is defined as the quotient obtained by dividing the total revenue passenger miles (line 5) by the available seat miles operated (line 21). The quotient shall be carried two places beyond the decimal point.

Passenger load factor is defined as the quotient obtained by dividing the total passenger miles flown (line 8) by the available seat miles operated (line 21). The quotient shall be carried two places beyond the decimal point.

Aircraft performance factor, line 26, Percentage completed, shall be obtained by dividing the scheduled miles flown (line 25) by the scheduled miles (line 24). The quotient shall be carried two places beyond the decimal point.

SCHEDULE 18—FLIGHT STATISTICS

The type of aircraft shall be inserted at the head of each column used, such as DC–3, DST, etc. Rented aircraft shall be shown in separate columns by types of aircraft with appropriate segregation from owned aircraft (Rented DC-3).

AIRCRAFT MILES FLOWN AND ENGINE HOURS FLOWN

Direct airport-to-airport mileage shall be shown in respect to items 1 to 7, inclusive.

Ferry flights include all flights for the purpose of returning aircraft to base, equipment equalization, and aircraft delivery flights from the manufacturer prior to use in line service.

Personnel training, flights include all flights for the purpose of obtaining flying time for pilot personnel as well as ordinary flights in connection with flight personnel training programs. This item shall also include all flights for the purpose of permitting the pilot personnel to familiarize themselves with the route or routes over which they will fly.

Sales promotion flights include all flights for the purpose of creating favorable public opinion toward air travel. It shall include flights for which a charge is made and the amount thereof donated to charitable or civic organizations.

Company business flights include all flights not a part of scheduled operations for the furtherance of company business such as flights made for or by company executives, officers, or other representatives.

Extension and development flights include all flights for the purpose of surveying proposed extensions of the air carrier's routes, or proposed new routes, prior to the time a certificate of convenience and necessity has been issued by the Civil Aeronautics Board.

Other non-revenue flights include all non-revenue flights not included elsewhere.

TON MILES FLOWN

All ton mile statistics shall be based upon the short ton of 2,000 pounds and the direct "airport-to-airport" statute miles flown in revenue service.

Useful ton miles is defined as the difference between the gross weight which the airplane is licensed to carry into the air minus the weight of the airplane empty and the weight of all justifiable airplane equipment, multiplied by the revenue miles flown per each interstation trip.

Available ton miles is defined as the remainder of the allowable useful load after subtraction of the operating load consisting of gasoline and oil, ship's crew and steward's supplies, etc., multiplied by the revenue miles flown per each interstation trip. It represents the *salable* load multiplied by the miles flown.

Used ton miles is defined as that portion of the available load utilized for passengers, cargo, and mail multiplied by the revenue miles flown per each interstation trip.

Percent used shall be obtained by dividing line 31, "Used" ton miles, by item 30, "Available" ton miles. The quotient shall be carried two places beyond the decimal point.

Revenue ton miles is defined as that portion of the "used" load for which revenue is received, multiplied by the revenue miles flown per each interstation trip.

Non-revenue ton miles is defined as that portion of the "used" load transported without charge, multiplied by the revenue miles flown per each interstation trip.

The sum of the "Revenue" ton miles and "Non-revenue" ton miles shall equal the number of "Used" ton miles shown in item 31.

USE OF AIRCRAFT

Average hours of use per day. On line 44 shall be entered quotients obtained by dividing the total number of plane days into the total number of plane hours flown in revenue service during the current month. On line 45 shall be entered quotients obtained by dividing the total number of plane days into the total number of plane hours flown in non-revenue service during the current month. Plane days shall be obtained by multiplying each airplane in the possession of the air carrier during the month by the number of days each airplane was in the possession of the air carrier during the month. The average hours of use per day shall be computed separately for each type of airplane.

SCHEDULE A

INVESTMENTS

Column 1 shall contain the name of the company issuing each type of security held by the carrier and a description of the security held, including the par value, if any.

Column 5.—The total in this column shall agree with the total shown opposite account 131, "Investments," on Schedule 1, BALANCE

INVESTMENT IN AFFILIATES

Column 6 shall show the name of each company controlled by the air carrier and a description of the security held including the par value, if any.

Column 11.—The total in this column shall agree with the total shown opposite account 132, "Investments in affiliated companies," on Schedule 1, BALANCE SHEET.

SCHEDULE C—AIRCRAFT AND AIRCRAFT ENGINES

The information requested on this schedule shall include all aircraft and aircraft engines on hand as at the date for which report is made.

Aircraft shall be listed individually. Columns 6 and 8 shall not be used. Subtotals shall be entered for each type of aircraft.

Aircraft engines.—Following the listing of aircraft, engines shall be listed by groups for each type of engine. Columns 1 to 4, inclusive, shall not be used.

SCHEDULE D—GROUND OPERATING PROPERTY AND EQUIPMENT BY STATIONS

This schedule shall contain the book value and the total accrued depreciation of all ground operating property and equipment as at the date for which report is made.

Column 1, Name and location shall contain, in alphabetical sequence, the name of each city, or other geographic location, at which ground operating property and equipment is located. Airports, traffic offices, and general operations or maintenance bases at each location shall be individually identified, if possible.

Columns 2 to 21, inclusive.—The cost or book value of property and equipment at the locations listed in column 1 shall be entered in the appropriate columns. The total accrued depreciation applicable to the property at the locations listed in column 1, shall be entered on the line following the cost or book value of such property.

SCHEDULE F

DIVIDENDS DECLARED

This schedule shall include all dividends declared, whether paid as at the date of the report or not.

If dividends were payable in any manner other than cash, explain in a footnote. If an obligation of any character has been incurred for the purpose of paying any dividend, give the full particulars in a footnote.

LIST OF STOCKHOLDERS

Show the name, address, and number of shares of stock held by each person holding five (5) percentum or more of the issued and outstanding capital stock of the carrier as at the close of the year. When stock is held by nominee, state who has the beneficial interest.

SCHEDULE H—GENERAL OFFICERS AND DIRECTORS

Column 1 shall contain the name and office address of each general officer and each director of the air carrier as at the date for which report is made.

Column 2 shall contain the title of each general officer listed in column 1.

Column 3 shall contain the date of expiration of each director's term.

Column 4 shall contain the total compensation paid the officers listed in column 1.

Column 7 shall contain the date of appointment of each officer listed in column 1.

For sale by the Superintendent of Documents, U. S. Government Printing Office
Washington, D. C. - Price 50 cents

Columbia University
SEP 1 2 1945

CIVIL AERONAUTICS BOARD
WASHINGTON, D. C.

★

COLUMBIA UNIVERSITY
LIBRARIES
AUG 24 1945
DOCUMENTS DIVISION

Uniform System of Accounts for International Air Carriers

CAB Form 2380 Manual 1-1-43

UNITED STATES OF AMERICA

CIVIL AERONAUTICS BOARD

WASHINGTON, D. C.

Adopted by the Civil Aeronautics Board
at its office in Washington, D. C.
on the 21st day of January, 1943.

The Civil Aeronautics Board acting pursuant to the Civil Aeronautics Act of 1938, particularly Sections 205 (a) and 407 (d) thereof and deeming its action necessary to carry out the provisions of said Act and to exercise its powers and perform its duties thereunder, hereby makes and promulgates the following regulation:

AMENDMENT NO. 3 TO SECTION 202.2 OF THE ECONOMIC REGULATIONS — FORM OF ACCOUNTS OF AIR CARRIERS

1. Part (b) of Section 202.2 of the Economic Regulations is hereby amended to read as follows:

"(b) Each other air carrier engaged in regularly scheduled air transportation (not including, however, foreign air carriers) shall keep its accounts, records, and memoranda in accordance with the provisions of the Uniform System of Accounts for International Air Carriers issued by the Civil Aeronautics Board, dated January 1, 1943 (C.A.B. Form 2380 Manual 1–1–43) and such amendments thereto as may hereafter be prescribed by the Board; and shall bring its accounts, records, and memoranda for the period January 1, 1943, to the effective date of this Regulation into conformity with such Uniform System of Accounts: *Provided*, however, that any such air carrier may request the approval of the Board to keep its accounts, records, and memoranda in accordance with the Uniform System of Accounts for Domestic Air Carriers issued by the Civil Aeronautics Board, dated January 1, 1942 (C.A.B. Form 2780 Manual 1–1–42) and the amendments thereto, and upon obtaining approval of the Board, shall keep its accounts, records, and memoranda in the manner therein prescribed."

2. This amendment shall become effective January 21, 1943.

By the Civil Aeronautics Board.

DARWIN CHARLES BROWN
Secretary

INTENTIONAL SECOND EXPOSURE

Business
D430-595
Un3

IMPORTANT: **HOLDERS OF UNIFORM SYSTEM OF ACCOUNTS FOR INTERNATIONAL AIR CARRIERS**

If you have purchased a copy of the Uniform System of Accounts for International Air Carriers notify the Civil Aeronautics Board, Washington, D. C., of the fact that you have thus acquired the volume. Carriers and their agents, who are issued copies through official channels, will automatically be placed on a mailing list to receive amendment sheets. *Purchasers who desire this service must request it from the Board.*

As this manual is amended by issuance of revised and additional pages, such pages should be inserted in their proper places. Any pages thus superseded may be discarded or filed for your records. When only one side of a sheet is changed, the opposite unchanged side of the sheet will be reprinted to permit substitution of the entire sheet. Each page containing revised or additional matter will show an "amendment number" on the upper margin. Amendment numbers will be assigned in consecutive order and the Index of Amendments will be revised to include the new amendment number. Substitution of the revised index and revised pages which will be attached will bring the manual up to date.

UNITED STATES OF AMERICA
CIVIL AERONAUTICS BOARD
WASHINGTON, D. C.

Adopted by the Civil Aeronautics Board
at its office in Washington, D. C.
on the 21st day of January, 1943.

The Civil Aeronautics Board acting pursuant to the Civil Aeronautics Act of 1938, particularly Sections 205 (a) and 407 (d) thereof and deeming its action necessary to carry out the provisions of said Act and to exercise its powers and perform its duties thereunder, hereby makes and promulgates the following regulation:

AMENDMENT NO. 3 TO SECTION 202.2 OF THE ECONOMIC REGULATIONS — FORM OF ACCOUNTS OF AIR CARRIERS

1. Part (b) of Section 202.2 of the Economic Regulations is hereby amended to read as follows:

"(b) Each other air carrier engaged in regularly scheduled air transportation (not including, however, foreign air carriers) shall keep its accounts, records, and memoranda in accordance with the provisions of the Uniform System of Accounts for International Air Carriers issued by the Civil Aeronautics Board, dated January 1, 1943 (C.A.B. Form 2380 Manual 1-1-43) and such amendments thereto as may hereafter be prescribed by the Board; and shall bring its accounts, records, and memoranda for the period January 1, 1943, to the effective date of this Regulation into conformity with such Uniform System of Accounts: *Provided*, however, that any such air carrier may request the approval of the Board to keep its accounts, records, and memoranda in accordance with the Uniform System of Accounts for Domestic Air Carriers issued by the Civil Aeronautics Board, dated January 1, 1942 (C.A.B. Form 2780 Manual 1-1-42) and the amendments thereto, and upon obtaining approval of the Board, shall keep its accounts, records, and memoranda in the manner therein prescribed."

2. This amendment shall become effective January 21, 1943.

By the Civil Aeronautics Board.

DARWIN CHARLES BROWN
Secretary

INDEX OF AMENDMENTS

TO

UNIFORM SYSTEM OF ACCOUNTS
FOR INTERNATIONAL AIR CARRIERS

Amendment Number	Order Serial Number	Effective Date	Amendment
1	2186	3–8–43	Page X and Section 37
2	2792	4–13–44	Printed manual, containing previous amendments, substituted for multilithed manual.
3	2991	7–12–44	Pages 37–2 and 37–9
4	3629	1–1–45	Pages VIII, 6–3, 6–4, 6–5, 6–12, 7–1, 8–6, 8–8, 9–3, 14–3, 14–4, 30–29, 34–10, 35–10, 35–11, 37–2, 37–4, 37–5, 37–6, 37–7, 37–8, 37–9, 37–10, 37–11, 37–12, 37–13, 37–14, 37–15, 37–16, 37–17, 37–18, 37–19, 37–20, 37–21

		Section	Page
800	General and Administrative	30	1–34
801	General officers and executives	30	3
803	Engineers and assistant engineers—Salaries and fees	30	4
811	Clerks, stenographers, and general office employees	30	5
814	Travel and incidental expenses	30	6
815	Telephone and telegraph	30	7
816	Light, heat, power, and water	30	8
817	Rents of buildings and offices	30	9
818	Office supplies and expenses	30	10
819	Engineering supplies and expenses	30	11
820	Freight, express, and parcel post	30	12
821	Customs, duties, and brokerage	30	13
822	Buildings, contents, and liability insurance	30	14
823	Employees' compensation and other insurance	30	15
825	Other general insurance	30	16
826	Uninsured losses—Reserve provision	30	17
827	Injuries, loss, and damage	30	18
828	Agency services, management, and supervision	30	19
829	Joint facilities shared	30	20
830	Joint facilities fees and charges	30	21
831	Joint facilities—Credit	30	22
835	Employees' compulsory compensation	30	23
836	Social Security taxes	30	24
837	General taxes	30	25
838	Pensions and welfare	30	26
839	Legal salaries, fees, and expenses	30	27
840	Special, professional, and technical services	30	28
841	Regulatory proceedings expenses	30	29
842	Memberships and publications	30	30
843	Corporate and fiscal expenses	30	31
844	Bad Debts	30	32
847	Personnel training expenses	30	33
849	Other general and administrative expenses	30	34
850	Depreciation—Ground Operating Property and Equipment	31	1
900	Ground Equipment Maintenance—Direct	32	1–15
901	Hangar and ramp equipment repairs—Direct	32	5
902	Motorized vehicles and equipment repairs—Direct	32	6
903	Motorized marine equipment repairs—Direct	32	7
904	Buildings and other improvements repairs—Direct	32	8
905	Station communication equipment repairs—Direct	32	9
906	Meteorological equipment repairs—Direct	32	10
907	Passenger service equipment repairs—Direct	32	11
908	Other ground equipment repairs—Direct	32	12
909	Joint facilities shared	32	13
910	Joint facilities fees and charges	32	14
911	Joint facilities—Credit	32	15
920	Ground Equipment Maintenance—Indirect	33	1–15
921	Hangar and ramp equipment repairs—Burden	33	5
922	Motorized vehicles and equipment repairs—Burden	33	6
923	Motorized marine equipment repairs—Burden	33	7
924	Buildings and other improvements repairs—Burden	33	8
925	Station communication equipment repairs—Burden	33	9
926	Meteorological equipment repairs—Burden	33	10
927	Passenger service equipment repairs—Burden	33	11
928	Other ground equipment repairs—Burden	33	12
929	Joint facilities shared	33	13
930	Joint facilities fees and charges	33	14
931	Joint facilities—Credit	33	15

CONTENTS

INCOME ACCOUNTS

		Section	Page
950	Non-Operating Income	34	1–11
951	Cash discounts income	34	3
952	Interest income	34	4
953	Dividend income	34	5
954	Amortization of premium on debt	34	6
955	Non-operating property and equipment income	34	7
956	Non-transport divisions profits	34	8
957	Foreign exchange—Gain	34	9
958	Retirements of operating property and equipment—Gain	34	10
959	Other non-operating income	34	11
970	Deductions from Gross Income	35	1–11
971	Interest expense	35	3
972	Amortization of discount and expense on debt	35	4
973	Non-operating property and equipment expenses	35	5
974	Non-transport divisions losses	35	6
975	Extension and development	35	7
976	Foreign exchange—Loss	35	8
977	Uncollectible revenues—Reserve provision	35	9
978	Retirements of operating property and equipment—Loss	35	10
979	Other deductions from gross income	35	11
980	Income Taxes	36	1

REPORTING PROCEDURE

General Instructions	37	1–21
Schedule 1—Balance sheet	37	3
Schedule 3—Statement of profit and loss	37	4
Schedule 4—Incidental revenues and other income accounts	37	5
Schedule 5—Aircraft operating expenses	37	6
Schedule 6—Ground and indirect expenses	37	7
Schedule 6 (a)—System expenses	37	7
Schedule 6 (b)—Distribution of system expenses	37	7
Schedule 7—Maintenance shop operating report	37	8
Schedule 8–9—Ground and indirect expenses—Classified	37	9
Schedule 11—Foreign mail accounts	37	10
Schedule 12—Extension and development	37	11
Schedule 13—Operating, valuation, and surplus reserves	37	12
Schedule 14 (a)—Flight equipment spare parts and assemblies	37	13
Schedule 16—Operating property and equipment acquired and retired	37	14
Schedule 17—Traffic report	37	15
Schedule 18—Flight statistics	37	16

ANNUAL REPORT SCHEDULES

Schedule A	37	17
Schedule C	37	18
Schedule D	37	19
Schedule F	37	20
Schedule H	37	21

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT
INSTRUCTIONS

1. The accounts in this group are designed to record the investment of the air carrier in property and equipment used in transportation and incidental services.

2. *Cost* shall be used as the basis for recording in the property accounts all buildings, structures, units of equipment, items or class of property of the air carrier. *Costs* are defined as the amount of money actually expended, the money value at the date of acquisition of any consideration other than money actually paid, or the liability incurred by the air carrier in the purchase, acquisition, and original installation of property, equipment, materials, and services, and in the construction of buildings, equipment, etc.

Depreciated cost of property is defined as the cost less the accrued depreciation as recorded on the books of the air carrier.

Construction is defined to include all processes connected with construction of original units of equipment, buildings, structures, items or classes of property.

Buildings and improvements are defined as fixed property such as buildings, structures and building improvements and fixtures and appurtenances when forming a part of the building or building improvements; walks, runways, driveways, sewer systems, retaining walls, grading and landscape gardening, aprons, and any other permanent improvement adjacent to buildings. Restoring structures and grounds to their former condition after additions and betterments shall be included as a part of the cost of such additions and betterments.

Equipment is defined as movable property such as aircraft, engines, communication and meteorological equipment, motorized equipment, furniture and office fixtures.

Additions are defined as additional equipment, land, structures, and other tangible property; extensions of fuel, water, and oil distribution equipment; additions to buildings and other structures; and additional safety devices applied to equipment not previously thus equipped.

Betterments are defied as improvements of property and equipment through the substitution of superior parts for inferior parts retired, the object of which is to increase the utility, capacity, or service life of the property beyond that existing at the time of its installation or acquisition.

Retired property is defined as property permanently withdrawn from operations, sold, abandoned, demolished, or disposed of otherwise.

Transferred property is defined as property exchanged between affiliated companies and/or operating divisions.

Disposal value is defined as the amount realized from the sale of retired properties, whether sold as operating units or as salvage, plus the fair and reasonable value of any materials and parts thereof retained for future use or sale.

Residual value is defined as the predetermined portion of the cost of a unit of operating property or equipment excluded from depreciation and should represent the fair and reasonable estimate of recoverable value at end of service life for which property is depreciated.

Service value to the carrier is defined as the difference between cost and residual value.

BALANCE SHEET ACCOUNTS

OPERATING PROPERTY AND EQUIPMENT

3. Basis of Charges for Property, Equipment, and Contract Rights Acquired.—The total cost of land, new equipment, buildings, structures, and improvements thereto, shall be recorded in the property and equipment accounts. The total cost of such property and equipment shall include, in addition to the cash purchase price, or the actual money value of the consideration, the cost of labor, materials, and overhead used in the construction or installation of the new property and equipment; transportation costs, taxes, legal fees, inspection and testing costs before use, and all other necessary expenditures properly applicable to the cost of acquisition. The cost of equipment shall include all expenses of a preliminary nature and all expenses in connection with original installations of equipment, parts, and appliances prior to use in line operations, together with the cost of dismantling new equipment for shipment and assembly at destination.

The cost of betterments, including labor and all other installation costs, shall be charged to the property and equipment accounts; the cost of parts and appurtenances replaced shall be treated as retired property in relation to the asset and applicable reserve for depreciation accounts, *except* that the cost of removal shall be classed as repairs and charged to appropriate operating expense accounts.

If different classes of property and equipment, chargeable to more than one property account, are purchased for a single sum and the cost of each class cannot be definitely ascertained, apportioned costs shall be based upon the most accurate information available and, if necessary, appraisals shall be made by the air carrier.

When property is acquired by transfer from an affiliated company or a separately operated division of the air carrier, the appropriate property account shall be charged and accrued depreciation and reserves for overhaul shall be credited with the balances applicable to the property transferred as recorded on the records of the affiliate or operating division from whom the property is transferred as at the date of such transfer.

When property is acquired as a part of a business from another air carrier through consolidation, merger, or reorganization, pursuant to a plan approved by the Civil Aeronautics Board, the cost and accrued depreciation reserves as carried on the books of the predecessor company at the actual date of transfer shall be entered in the appropriate property accounts of the acquiring carrier. The difference between the actual cost at the date of acquisition and such depreciated cost shall be recorded in account 181, "Property Acquisition Adjustment".

The cost of leaseholds, patents, copyrights or other intangibles, when acquired independently of tangible property and equipment shall be charged to account 182, "Other Intangibles."

Interest on liabilities incurred in the acquisition of property and equipment, contract rights, or other privileges, shall not be included as a part of the cost thereof but charged to account 971, "Interest Expense."

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

4. Property Retired.—In the event property or equipment is disposed of by sale, retirement, abandonment, dismantling, etc., the air carrier shall credit the amount in which the property is carried with the cost thereof, charge the accrued depreciation account with the balance applicable to the retired property, and charge the cash proceeds of the sale or the value of salvaged material to the appropriate asset accounts. When the disposal value less the cost of dismantling is in excess of the depreciated cost of the property, such excess shall be credited to account 958, "Retirements of Operating Property and Equipment—Gain," except in cases of involuntary conversion where the air carrier establishes a replacement fund under section 112 (f) of the Internal Revenue Code. In such event the excess shall be credited to account 232, "Other Deferred Credits." When the disposal value less the cost of dismantling is less than the depreciated cost of the property, such loss shall be charged to account 978, "Retirements of Operating Property and Equipment—Loss."

When property is retired or disposed of as a result of major accident or other casualty, the depreciated cost of such property shall be charged to account 174, "Other Deferred Charges," pending adjustnents and handled in accordance with the instructions of that account.

When property is sold or exchanged for other property and the terms of the contract require reconditioning or overhaul of such property, the depreciated cost of the property sold or exchanged shall be eliminated from the property and related depreciation accounts, charged to an appropriate sub-account under account 175, "Other Deferred Charges" and handled in accordance with the instructions of that account.

When a building, other structure, or unit of equipment is retired from operations and retained by the air carrier, its cost shall be transferred to account 160, "Non-Operating Property and Equipment," and the amount of the reserve for depreciation applicable thereto shall be transferred to account 260, "Accrued Depreciation—Non-Operating Property and Equipment." When such property is transferred for exclusive use of separately operated divisions, the depreciated cost thereof shall be recorded in account 125, "Advances."

When property or equipment is transferred to an affiliated company or a separately operated division of the air carrier, the carrier shall credit the account in which the property is carried with the cost thereof, charge the accrued depreciation account with the balance applicable to the transferred property, charge the reserves for overhaul, if such reserves have been created, with the balance applicable to the transferred property and charge appropriate assets accounts with the amounts billed the receiving affiliated company or separately operated division.

When the renewal to be made to an important building or other structure or to an item of equipment will constitute the major proportion of its value when renewed, the property to which such renewals will apply shall be considered as retired property and accounted for accordingly. The renewal shall be considered as a new unit and the cost thereof, together with the appraised value of the salvaged material, shall be recorded in the appropriate property and equipment account. In no case shall the amount set up for the renewal exceed the cost of a new unit of equal capacity and expectation of life at current market prices of labor and material.

5. Records of Property and Equipment.—The air carrier shall maintain property and equipment records setting forth the description of all property and equipment recorded in account 150, "Operating Property and Equipment." With respect to each unit of property or equipment, the record shall show the date of acquisition, the cost, the cost of additions and betterments, the cost of parts retired, rates of depreciation, residual values (where applicable) not subject to depreciation, and the date of retirement or other disposition.

6. Property and Equipment on Consignment.—Property and equipment loaned, in the custody of, or consigned to, the air carrier without a purchase obligation shall not be recorded in the same manner as similar classes or types of property purchased by the air carrier for cash or other considerations. The property and equipment accounts shall not be charged with such property and liability accounts shall not be established. For the purpose of maintaining comprehensive records an appropriately classified memorandum account, clearly and distinctly earmarked as such, should be maintained.

Property and equipment purchased on a deferred payment basis or under contracts which provide for payment on a unit or other basis shall be treated as a definite purchase obligation and not as consigned property.

7. Aircraft and Engine Records.—In addition to the property records the air carrier shall maintain records of miles and hours flown by each aircraft, and hours flown by each aircraft engine, in sufficient detail to provide the data required on monthly reports to the Civil Aeronautics Board.

1505 MISCELLANEOUS FLIGHT EQUIPMENT

This account shall include the cost of miscellaneous flight equipment of all types and classes, including miscellaneous flight crew equipment, used in transportation and incidental services.

Item List

Fire extinguishers	Parachutes
Floats	Revolvers

BALANCE SHEET ACCOUNTS

OPERATING PROPERTY AND EQUIPMENT

1506 FLIGHT EQUIPMENT SPARE PARTS AND ASSEMBLIES

There shall be established in this account a separate subaccount to correspond to each primary flight equipment account (1501 to 1505 inclusive) which shall include the cost of all parts, accessories, and assemblies owned by the carrier which are useful only for additions or betterments to, replacements in, or repair of equipment included in the corresponding flight equipment account.

All supplies, materials and spare parts of such standard character as to be useful (in the repair of equipment) in respect of two or more primary flight equipment accounts should be charged to account 109, "Materials and Supplies."

Reusable spare parts, accessories and assemblies recovered in connection with construction, maintenance, or retirement of equipment shall be included in the appropriate subaccount at fair and reasonable values but in no case shall such values exceed original cost. Scrap and nonusable spare parts, accessories and assemblies shall be included at estimated net amounts realized therefrom.

This account shall not include spare parts held in stock for equipment other than flight equipment.

Flight equipment spare parts and assemblies loaned, in the custody of, or consigned to the air carrier without purchase obligation, shall not be included in this account. For the purpose of maintaining comprehensive records an appropriately classified memorandum account, clearly and distinctly earmarked as such, should be maintained covering such property.

BALANCE SHEET ACCOUNTS

NON-OPERATING PROPERTY AND EQUIPMENT

160 NON-OPERATING PROPERTY AND EQUIPMENT

This account shall include the cost of non-operating property and equipment not used in the air carrier's transportation and incidental services or in separately operated divisions.

Property acquired and not used in transportation or incidental services but held for investment or future use shall be included in this account. The cost of abandoned airports shall be transferred, at the time of abandonment, to this account.

All revenue or other income derived from the property and equipment included in this account shall be credited to account 955, "Non-operating Property and Equipment Income." All expenses applicable to such property and equipment shall be charged to account 973, "Non-operating Property and Equipment Expenses."

Loss and gain on the sale or other disposition of property and equipment included in this account shall be treated in the same manner as income and expenses from such property and equipment.

Appropriate subaccounts shall be maintained for each class of property in accordance with the classifications and definitions pertaining to account group 150, "Operating Property and Equipment."

Jobs in process for others shall not be included in this account, but in account 112, "Other Current and Accrued Assets."

BALANCE SHEET ACCOUNTS

DEFERRED CHARGES

171 PREPAYMENTS

This account shall include amounts representing prepayments of rents, insurance, taxes, interest, advertising, royalties, and license fees, and other miscellaneous prepaid items, and shall be kept or supported in such a manner as to disclose the amount of each class thereof.

Prepayments having a definite time incidence shall be prorated to appropriate expense accounts over the periods to which they apply.

BALANCE SHEET ACCOUNTS

DEFERRED ACCOUNTS

172 EXTENSION AND DEVELOPMENT PROJECTS

Expenses pertaining to extension and development projects, at the option of the air carrier, may be accumulated in this account and written off or amortized by charges to account 955, "Extension and Development," or may be charged directly to that account. Such expenses shall include the cost of developing new routes and extension of existing routes. Expenses of intervening in new route or route extension proceedings shall be charged directly to account 955, "Extension and Development."

There shall be included in the cost of such projects all related expenses such as travel and incidental expenses, legal expenses, and regulatory bodies expenses. Salaries shall include not only employees engaged wholly in connection with such projects but a proportionate part of other employees' salaries when a substantial part of their time is devoted to such projects.

Should an air carrier elect to capitalize part or all of the costs of an extension and development project in this account rather than charging such expenses directly to account 975, "Extension and Development," it shall prepare a statement to be added as a supplement to the monthly report CAB Form 2380 for the month during which expenses under the pertinent project are first incurred, setting forth the types of expense it proposes to capitalize, the types of expense it proposes to charge directly to account 975, "Extension and Development," and the monthly rates at which it proposes to amortize the capitalized expenses. The accounting treatment proposed in this statement shall thenceforth be followed by the air carrier, subject to review and possible modification by the Civil Aeronautics Board.

Separate subaccounts shall be established for the purpose of definitely separating the expenses of each project and the records supporting the entries in each subaccount shall be kept with sufficient particularity to reveal clearly the periods covered and the nature and purpose of each item of expense. The items of expense shall be classified in accordance with the following list in order to fulfill current reporting requirements:

Salaries of officers and employees
Expenses of officers and employees
- (a) Transportation
- (b) Subsistence
- (c) Telephone and telegraph
- (d) Miscellaneous

Expenses-Others
- (a) Transportation
- (b) Subsistence
- (c) Telephone and telegraph
- (d) Miscellaneous

Entertainment
Advertising
Proportional flights
Other promotional expenses
Legal fees
Witness fees
Special case preparation expenses
Technical development expenses
- (a) Survey flights
- (b) Professional fees
- (c) Other

Miscellaneous

BALANCE SHEET ACCOUNTS

DEFERRED CHARGES

173 LONG-TERM OPERATING PROPERTY PREPAYMENTS

This account shall include advances to State, county, and municipal governments, or others, for the construction of buildings and other facilities for use by the air carrier, or for joint use by the air carrier and others, when the terms of the contract under which such advances are made provide for repayment in the form of rents and other concessions over a period in excess of 1 year. This account shall be credited with the amount of rents or other benefits accrued at the close of each monthly period and concurrent entries shall be made in appropriate expense accounts. Advances of this nature recoverable within a period of 1 year or less shall not be included in this account but in account 171, "Prepayments."

BALANCE SHEET ACCOUNTS

DEFERRED CHARGES

174 OTHER DEFERRED CHARGES

This account shall be used as a general clearing account and shall include all unadjusted charges not provided for elsewhere, such as debit balances in suspense that cannot be cleared until additional information has been received; undistributed freight and express charges; deposits with utility companies and deposits for use of water bottles, gas and oil drums, etc.; funds on deposit with closed banks; assets of current character but of doubtful value; and organization expenses.

This account shall be charged with all expenses incurred in connection with all major accidents and casualties. Separate subaccounts shall be established covering each major accident or casualty and charged with the net book value of property destroyed or damaged; payments to others for property damaged; expenses in connection with injuries to personnel of the air carrier and others; and costs of clearing wrecks and damaged property and equipment including salaries and wages in connection therewith. Credit entries shall be made for insurance recoveries and the value of salvaged property applicable to the destroyed or damaged property; the applicable reserve, if any, set up in account 293, "Reserve for Uninsured Losses," shall also be credited to this account. After all adjustments have been made the resulting balance in the suspense accounts shall be cleared to the appropriate "Injuries, Loss and Damage" accounts. No suspense accounts will be required to record minor accidents and casualties where the resulting property damage is treated as ordinary repairs or where the resulting losses are nominal.

When property is sold or exchanged for other property and the terms of the contract require reconditioning or overhaul of such property, the depreciated cost of the property sold or exchanged shall be eliminated from the property and related depreciation accounts and charged to an appropriate subaccount under this account. The cost of reconditioning or overhaul shall be charged to the suspense account thus established and the sales price or exchange value shall be credited thereto. If a reserve for overhaul of such property has been established, the amount thereof shall be cleared and also credited to the suspense account. The net result of the transaction, if a gain, shall be transferred from this suspense account to account 903, "Retirements of Operating Property and Equipment—Gain," and, if a loss, to account 956, "Retirements of Operating Property and Equipment—Loss."

This account shall also include the unamortized discount and expense on all classes of long-term debt securities issued or assumed by the air carrier and shall be written off periodically over the respective life of each class by charges to account 972, "Amortization of Discount and Expense on Debt."

Discount on long-term debt is defined as the excess of par value of the securities issued or assumed, plus the accrued interest thereon, if any, over the actual cash value of the consideration received.

Expenses on long-term debt is defined as all expenses incurred in connection with registration and issue of long-term debt securities such as professional services, clerical expense, registration fees, recording fees, transfer fees, engraving and printing, miscellaneous stamp tax, etc.

BALANCE SHEET ACCOUNTS

INTANGIBLES

181 PROPERTY ACQUISITION ADJUSTMENT

When property and equipment is acquired as a part of a business from another air carrier through purchase, consolidation, merger, or reorganization, pursuant to a plan approved by the Civil Aeronautics Board, this account shall be used to record the difference between (a) the cost or the current value of the consideration paid for such property and equipment, and (b) the depreciated cost of such property and equipment on the books of predecessor companies at the date of acquisition. Separate subaccounts shall be established to record the amounts applicable to each such acquisition.

A supplementary statement shall accompany monthly reports covering the months in which charges are made in this account. The required statement shall include an explanation of the charges and the air carrier's proposed plan for write-off or amortization. The plan shall be considered effective unless the air carrier is informed of modifications of the proposed accounting treatment by the Economic Bureau of the Civil Aeronautics Board.

BALANCE SHEET ACCOUNTS

INTANGIBLES

182 OTHER INTANGIBLES

This account shall include the cost of leaseholds, patents, copyrights, and other intangible assets. The value of any consideration paid to other air carriers for the going-concern value of existing air routes, when such air routes are obtained independently of property and equipment, shall be recorded in this account.

A supplementary statement shall accompany monthly reports covering the months in which charges are made in this account. The required statement shall include an explanation of the charges and the air carrier's proposed plan for write-off or amortization. The plan shall be considered effective unless the air carrier is informed of modifications of the proposed accounting treatment by the Economic Bureau of the Civil Aeronautics Board.

Appropriate subaccounts shall be maintained for each class of intangible property included in this account.

BALANCE SHEET ACCOUNTS

VALUATION RESERVES

INSTRUCTIONS

RESERVE FOR DEPRECIATION

Depreciation is defined as losses occurring in physical property, either temporary or permanent, suffered through current lessening in service value due to wear and tear from use and the action of time and the elements, which are not replaced by current repairs; also, the losses in capacity for use or service occasioned by obsolescence, supersession, discoveries, change in popular demand, or the requirements of public authority.

Residual value is defined as the predetermined proportion of the cost of a unit of operating property or equipment excluded from depreciation and should represent the fair and reasonable estimate of recoverable value at end of service life for which property is depreciated.

Service value to the carrier is defined as the difference between cost and residual value.

Property not subject to depreciation shall include (1) land owned or held in perpetuity, (2) expenditures on uncompleted units of property and equipment during the process of construction or manufacture, and (3) any other physical property not subject to depreciation due to the nature of its construction or inherent characteristics.

Bases of depreciation. Depreciation rates applicable to each class of depreciable property shall be established on the basis of the estimated service values and service lives developed by a study of the air carrier's history and experience and such engineering and other information as may be available with respect to prospective future conditions.

BALANCE SHEET ACCOUNTS

VALUATION RESERVES

All aircraft shall be depreciated on a unit basis. Air carriers operating 10 or more aircraft in line service may depreciate aircraft engines and propellers on either a unit or a group basis at their option. Air carriers operating less than 10 aircraft in line service shall depreciate aircraft engines and propellers on a unit basis.

Property and equipment not readily identifiable or of only nominal value shall be classified into groups of identical items with approximately equal expectancy of life and depreciated on a group basis.

The air carrier shall establish rates of depreciation and residual values calculated to prevent charging excessive expense or the accumulation of excessive reserves.

Each air carrier shall file with the Civil Aeronautics Board a statement clearly and completely setting forth its depreciation accounting practices in respect to its various categories of equipment.

When changing conditions make necessary revision in rates of depreciation or residual values, such revision shall be made applicable to subsequent accounting periods and shall not be applied retroactively.

Any revisions in rates of depreciation or depreciation accounting practice shall be fully explained in a supplementary statement attached to monthly report CAB Form 2380 for the month in which such revisions are made.

Precise accounting practices, rates of depreciation, and residual values are not prescribed herein with the following exceptions.

1. Aircraft—Depreciation shall be calculated on the basis of years of life from the date the aircraft is first assigned to revenue service by the air carrier. The value to be depreciated shall be the cost of the property minus a residual value which shall be assigned to it by the air carrier.

2. Aircraft Engines—Depreciation shall be calculated on the basis of years of life from the date the engine is first assigned to revenue service. The value to be depreciated shall be the cost of the property minus a residual value which shall be assigned to it by the air carrier.

OPERATING EXPENSE ACCOUNTS

GENERAL AND ADMINISTRATIVE

841 REGULATORY PROCEEDINGS EXPENSES

This account shall include all expenses incurred by the air carrier in connection with formal cases before regulatory bodies, and other federal, state, or municipal agencies, other than cases concerned with applications or proceedings related to new routes or extensions of existing routes. The latter type of expenses shall be recorded as extension and development costs and included in either account 172, "Extension and Development Projects," or account 975, "Extension and Development."

All expenses relating to proceedings properly chargeable to this account but included in accounts recording travel and incidental expenses and legal expenses shall be cleared to this account. Salaries charges to this account shall include not only employees engaged wholly in connection with such proceedings but a proportionate part of other employees' salaries when a substantial part of their time is devoted to such proceedings.

Separate subaccounts shall be established for the purpose of definitely separating the expenses pertaining to each case or project, and the records supporting the entires in each subaccount shall be kept with sufficient particularity to clearly reveal the periods covered and the nature and purpose of each item of expense.

OPERATING EXPENSE ACCOUNTS

GENERAL AND ADMINISTRATIVE

842 MEMBERSHIPS AND PUBLICATIONS

This account shall include the cost, properly chargeable to general and administrative expenses, of all company memberships in associations and organizations. This account shall also be charged with the cost of subscriptions to periodicals and publications required in the executive and general offices of the air carrier.

Item List

Aeronautical association memberships
Aviation and railway guides
Magazines
Newspapers
Reporting services
Tax service subscriptions

NON-OPERATING INCOME

957 FOREIGN EXCHANGE—GAIN

This account shall include the monthly profits resulting from foreign exchange of currency in connection with the air carrier's transportation operations.

When a fixed rate of exchange is used for conversion purposes such "book rate" should be adjusted monthly on the basis of prior month rates and the redulting credit made to this account.

In countries where a free rate of exchange prevails a fixed monthly book rate should be used and adjusted monthly or periodically as current fluctuations justify and the resulting credit made to this account. In countries where free exchange does not prevail, a fixed monthly book rate should be used and exchange gains resulting from liquidation of current assets and liabilities credited to this account.

NON-OPERATING INCOME

958 RETIREMENTS OF OPERATING PROPERTY AND EQUIPMENT—GAIN

This account shall include the gain on sale, exchange or retirement of all operating property and equipment included in account 150, "Operating Property and Equipment," *except* in cases of involuntary conversion where the carrier elects to establish a replacement fund under section 112 (f) of the Internal Revenue Code; and in cases of retirement or disposal resulting from major accidents or casualties.

Gain on retirements is defined as the difference between the depreciated cost of the operating property or equipment retired and the disposal value, when the latter exceeds the former.

Gain on sale, exchange or retirement of non-operating property and equipment included in account 160, "Non-Operating Property and Equipment," shall be included in account 905, "Non-Operating Property and Equipment Income."

Gain on assets in the possession of separately operated divisions of the air carrier shall be accounted for on the books of separately operated divisions and treated by the air carrier as a part of monthly net profit or loss of separately operated divisions.

When property or equipment owned by the air carrier is applied as part payment of the purchase price of new property and equipment, the new property and equipment shall be recorded at its full purchase price. If the depreciated cost of assets applied as part payment is less than the amount allowed therefor, the difference shall be treated as gain and entered in this account.

Gain on property which is sold or exchanged under a contract requiring reconditioning or overhaul of such property shall be determined in accordance with the instructions set forth in account 174, "Other Deferred Charges" and transferred therefrom to this account.

Loss on disposal of operating property and equipment shall not be charged to this account but to account 978, "Retirements of Operating Property and Equipment—Loss."

DEDUCTIONS FROM GROSS INCOME

977 UNCOLLECTIBLE REVENUES—RESERVE PROVISION

When prudent management dictates the establishment of a reserve against anticipated losses of considerable magnitude on accounts receivable, this account, at the option of the air carrier, shall be charged with accruals to such reserve and an appropriate subaccount under account 265, "Other Valuation Reserves," shall be concurrently credited.

Losses actually sustained, for which a reserve for uncollectible revenues has been established, shall be written off against the reserve account and amounts written off and subsequently collected shall be credited to this account.

This account shall not be charged with losses from accruals of non-operating income. Such losses shall be charged to account 979, "Other Deductions from Gross Income."

Nothing herein stated shall be construed to relieve the air carrier from its responsibility to collect revenue in accordance with established rates for services performed.

978 RETIREMENTS OF OPERATING PROPERTY AND EQUIPMENT—LOSS

This account shall include the loss on sale, exchange or retirement of all operating property and equipment included in account 150, "Operating Property and Equipment," except in cases of retirement or disposal resulting from major accident or casualties.

Loss on retirements is defined as the difference between the depreciated cost of the operating property or equipment retired and the disposal value where the former exceeds the latter.

Loss on sale, exchange or retirement of non-operating property and equipment included in account 160, "Non-Operating Property and Equipment," shall be included in account 973, "Non-Operating Property and Equipment Expenses."

Loss on assets in the possession of separately operated divisions of the air carrier shall be accounted for on the books of separately operated divisions and treated by the air carrier as a part of monthly net profit or loss of separately operated divisions.

When property or equipment owned by the air carrier is applied as part payment of the purchase price of new property and equipment, the new property and equipment shall be recorded at its full purchase price. If the depreciated cost of assets applied as part payment is greater than the amount allowed therefor, the difference shall be treated as loss and entered in this account.

Loss on property which is sold or exchanged under a contract requiring reconditioning or overhaul of such property, shall be determined in accordance with the instructions set forth in account 174, "Other Deferred Charges," and transferred therefrom to this account.

Gain on disposal of operating property and equipment shall not be credited to this account but to account 958, "Retirements of Operating Property and Equipment—Gain", account 232, "Other Deferred Credits," or "Injuries, Loss, and Damage" accounts, as may be appropriate.

979 OTHER DEDUCTIONS FROM GROSS INCOME

This account shall include all deductions from gross income of the air carrier not properly chargeable to accounts 971 to 978, inclusive.

This account shall be charged with the cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary; fines imposed by regulatory agencies for infraction of rules and regulations; losses from obligations arising under contracts whereby the air carrier has guaranteed payment of money or performance of other obligations on the part of another corporation or person; rents paid or accrued, including taxes or other obligations assumed, for the use of rented property, equipment, and facilities which are not used in transportation or incidental services of the air carrier; losses on the reacquirement of the air carrier's long-term debt and losses on the sale of stocks, bonds, and other securities owned by the air carrier; and losses on accounts receivable which have been charged with nonoperating income included in account group 950, "Non-Operating Income."

REPORTING PROCEDURE

GENERAL INSTRUCTIONS

All international air carriers subject to the Civil Aeronautics Act of 1938, as amended, and which do not file CAB Form 2780 pursuant to part (b) of Section 202.1, as amended, of the Economic Regulations, shall file with the Civil Aeronautics Board an original and one duplicate of each schedule comprising CAB Form 2380, "Report of Financial and Operating Statistics for International Air Carriers."

International air carriers operating air transportation divisions for which separate records and books of account are maintained, shall file, for each such separately operated air transport division, an original and one duplicate of CAB Form 2380, *except* Schedules 6 (a), 6 (b), F, G, and H.

In addition to the schedules filed for air transportation divisions, an original and one duplicate of Schedules 1, 2, 3, 4, 6 (a), 6 (b), F, G, and H shall be filed covering the air carrier's system operations. The consolidated schedules thus filed *shall not* include the operating results of affiliated companies.

All revenues and expenses and all operating and traffic data relating to war contract operations shall be excluded, except as hereinafter provided, from CAB Form 2380 and only the revenues, net expenses, and operating and traffic data relating to commercial operations shall be shown. Fees or net operating profit from war contract operations shall be included in account 959, "Other Non-Operating Income," on Schedule 4 of CAB Form 2380. Expenses of war contract operations shall not be excluded from Schedules 6 (a) and 6 (b). When expenses of war contract operations are included in Schedules 6 (a) and 6 (b), such schedules shall bear the notation "Confidential" and the Board will accordingly withhold these schedules from public inspection. In the event all operations of the carrier, or any division of the carrier, are under war contracts with the United States Government, such operations shall be reported on CAB Form 2380 for confidential use of the Board.

REPORTING PROCEDURE

FILING OF SCHEDULES

All schedules comprising CAB Form 2380 shall be filed on a monthly basis with the exception of Schedules A to H, inclusive, which shall be filed annually as part of the report for the month of December of each year. Subject to the Board's approval, on application by the carrier, Schedules 8–9, 14 (a), and 14 (b) may be filed on a quarterly basis.

Schedules 17 and 18 shall be filed with the Board not later than the 20th day of the first month following the month for which the report is being made.

Schedules 1 to 16, inclusive, and Schedules A to H, inclusive, shall be filed on the 15th day of the second month following the period for which report is being made.

If a carrier finds that circumstances will prevent the filing of a report within the prescribed time limit, consideration will be given to the granting of an extension upon receipt of a written request therefor. Such a request must set forth good and sufficient reason to justify granting the extension and be submitted sufficiently in advance of the due date to permit proper consideration. If a request is denied, the carrier is in no manner relieved of filing the report within the prescribed time limit or of the consequences of delinquency in filing.

The certification shall be executed by an officer of the air carrier in charge of the accounts and shall be attached to the schedules filed on the 15th day of the second month following the period for which the report is made. The certification shall verify all schedules filed as part of the report, whether such schedules are filed at the same time as the certification or prior thereto.

The report shall be prepared from and agree with the accounts and records of the air carrier kept in conformity with the Uniform System of Accounts for International Air Carriers prescribed by the Civil Aeronautics Board. Each report shall include the results of all financial transactions and the required operating statistics from the first business day to the last business day, inclusive, of the periods reported.

All supporting schedules included in the report must agree with related amounts in all other schedules. When the analysis of an account requires the statement of balances at the beginning and end of the month, the balance at the beginning of the month shall agree with the amount reported at the end of the next preceding month and the balance at the end of the month shall agree with the current balance sheet.

In all schedules where explanations are required, such as additions and charges in Schedule 2, RECONCILIATION OF SURPLUS ACCOUNTS, if the space provided in the schedule is insufficient to reveal clearly the nature of each item entered therein and the period to which applicable, appropriate notes shall be inserted and the explanation continued on the reverse side of the schedule.

Credit balances in normal debit balance accounts and debit balances in normal credit balance accounts shall be shown on the reports in red or indicated by appropriate symbols and footnotes.

Each schedule of the report shall be prepared in accordance with these general instructions and the special instructions hereinafter set forth.

REPORTING PROCEDURE

SCHEDULE 1—BALANCE SHEET

Account 104 (e), Accounts receivable—Air travel plan;
Account 204, Air travel plan liability.—The balances in these accounts shall be shown on the balance sheet in gross amounts and not be offset either in total or for each subscriber.

Account 104 (f), Accounts receivable—Associated companies;
Account 104 (g), Accounts receivable—Affiliated companies;
Account 202 (a), Accounts payable—Associated companies;
Account 202 (b), Accounts payable—Affiliated companies.—The balances in these accounts shall be shown on the balance sheet in net amounts for each associated and each affiliated company but shall not be offset in totals.

Account 105, Airline traffic accounts receivable;
Account 203, Airline traffic accounts payable.—The balances in these accounts shall be shown on the balance sheet in gross amounts and shall not be offset either in total or for each air line.

Account 125, Advances;
Account 225, Advances.—The net balance for each affiliate and division shall be appropriately shown in these accounts on the balance sheets. Negative balances shall not be offset in totals.

Account 220, Long term debt.—When this account includes reacquired long term debt held pending disposition and not retired, an appropriate note or symbol shall be inserted following the title of the account and an explanation appended either as a footnote or on the reverse side of the schedule.

Account 265, Other valuation reserves.—The amount of such reserves applicable to each asset account shall be shown in Schedule 13, APPLICATION OF VALUATION RESERVES. The net value of the asset shall be shown on the balance sheet.

Account 281, Preferred stock—Par value;
Account 282, Common stock—Par value.—The indented blank spaces opposite these accounts (par value) are provided for the insertion of the par value of each share and not the total par value of all outstanding shares of each class. No par value stock shall be indicated by inserting the word "No."

Profit or loss—Year to date.—This item on the liability side of the balance sheet shall include the net income for the calendar year to date brought forward from column 4, Schedule 3, STATEMENT OF PROFIT AND LOSS.

Contingent assets and liabilities shall not be included in the body of the balance sheet but shall be referred to as footnotes with full explanation thereof on the reverse side of the schedule. However, this may be omitted from all monthly reports except the report for the month of December of each year.

SCHEDULE 3—STATEMENT OF PROFIT AND LOSS

Column 3, Cents per revenue mile shall be obtained by dividing each amount in column 2 by the total revenue miles flown for the current month as shown on line 7, Schedule 17, TRAFFIC STATISTICS. The quotient shall be limited to two places beyond the decimal point.

Column 4, Year to date—Amount. The final amount in this column represents the profit or loss for the calendar year to date and shall agree with the corresponding amount in the balance sheet. Each amount in this column shall agree with the total of the corresponding amount in the next preceding monthly report plus the amount in column 2 of the current report.

Column 5, Year to date—Cents per revenue mile shall be obtained by dividing each amount in column 4 by the total revenue miles flown from the beginning of the calendar year to the date of the balance sheet. The quotient shall be limited to two places beyond the decimal point.

SCHEDULE 4—INCOME ACCOUNTS

Account 958, Retirement of equipment—Gain;
Account 978, Retirement of equipment—Loss. The amounts shown in these accounts shall agree with the gains and losses, respectively, shown in column 25, Schedule 16, OPERATING PROPERTY AND EQUIPMENT RETIRED. Gains shall not be offset against losses.

Account 325, Joint Facilities Rental—Credit
Account 326, Affiliated Companies and Interdivisional Revenues. The amounts shown in these accounts for the current month, shall be broken down by source in the appropriate space provided at the bottom of this schedule.

SCHEDULE 5—AIRCRAFT OPERATING EXPENSES

Revenue miles flown total as shown in column 2 shall be the same as the total shown on line 7, Schedule 17.

Useful ton-miles and *Total hours flown* shall be the same as shown on lines 9 and 8, respectively, of Schedule 18.

Cost per revenue mile and *Cost per useful ton-mile* shall be stated in terms of "cent" per mile; *Cost per total hour* shall be stated in terms of "dollars" per hour and shall be obtained by dividing the total aircraft operating expenses by total revenue miles flown, useful ton-miles, and total aircraft hours flown, respectively. The quotients shall be limited to two places beyond the decimal point.

Year to date figures shall be based on the calendar year. *Revenue miles flown*, *Useful ton-miles*, and *Total hours flown* year to date, shall be the sum of the accumulated totals reported for the preceding month plus the current month.

SCHEDULE 6—GROUND AND INDIRECT EXPENSES

The total for each account group shown in this schedule shall agree with the amounts shown opposite the corresponding account group in column 2, Schedule 3, STATEMENT OF PROFIT AND LOSS. The amounts reported in column 7, page 2, relating to maintenance of flight equipment shall agree with the corresponding amounts shown in column 2, Schedule 5, AIRCRAFT OPERATING EXPENSES.

SCHEDULE 6(a)—SYSTEM EXPENSES

This schedule is to be used for reporting system expenses incurred by the carrier for the joint benefit of its operating divisions, and affiliated or associated companies, when separate accounts are maintained for such expenses. This schedule is to be included with Schedules 1, 2, 3 and 4 in the monthly report covering the combined operations of the air carrier, which are to be submitted in addition to the schedules for air transport operating divisions.

SCHEDULE 6 (b)—DISTRIBUTION OF SYSTEM EXPENSES

This schedule is to be used to report the distribution of expenses reported on Schedule 6 (a) to the operating divisions of the air carrier and affiliated or associated companies.

Column 1 shall include the name of each company and division absorbing system general and administrative expenses. Under the name of each company and division shall be shown the bases upon which the prorations are made (commission, specific charge, ton-miles, etc.). In the event ton-miles are used as a basis of proration, the ton-miles flown by each company and division shall also be shown.

SCHEDULE 7—MAINTENANCE SHOP OPERATING REPORT

Columns 3 to 11, inclusive, may, at the option of the air carrier, be used for distribution of expenses to departments.

Burden percentage shall be obtained by dividing the total cost of indirect equipment maintenance expenses by the total productive labor costs.

SCHEDULES 8-9—GROUND AND INDIRECT EXPENSES—CLASSIFIED

This schedule is designed to cover all ground and indirect expenses incurred directly by the air carrier, expenses charged the reporting carrier by others, and expenses charged others by the reporting carrier.

The reporting carrier shall list in alphabetical sequence, the name of each city or other geographic location at which joint costs and direct expenses are incurred, and shall set forth on separate lines and in the appropriate columns: (a) expenses charged by others and included in joint facility charges and joint facilities shared subsidiary accounts, (b) expenses charged to others and included in joint facility credit accounts, and (c) expenses incurred directly by the reporting carrier and recorded in other subsidiary accounts.

Agency services, management and supervision expenses, divisional expenses not attributable to particular bases, interest on investment in joint facilities, and commissions charged affiliated companies and divisions shall also be separately shown.

The source column shall reflect, in addition to source, by symbol DR., those items included in the joint facility charges or joint facilities shared accounts, and by the symbol CR., those items included in the joint facility credit accounts. The gross amounts of these two items shall be reported and under no circumstances shall the amount of one be offset against the amount of the other. There shall also be presented at the conclusion of this schedule a summary by each source of the expenses borne by the reporting company or division. These expenses, as summarized, shall be distributed in expense columns as provided on the schedule. All amounts reported on this schedule shall agree with the corresponding amounts reported on Schedule 6.

REPORTING PROCEDURE

SCHEDULE 11—FOREIGN MAIL ACCOUNTS

Lines 1 to 41, inclusive.

Column 1 shall contain the name of each foreign country from whom the reporting carrier receives payment for carrying mail.

Column 3, Accrual. This column shall include the total accruals for the current month of revenues earned for the transportation of mails applicable to each country listed in column 1.

Column 4, Collections. This column shall include the total amount collected during the current month from each government for the transportation of its mail. It shall also include amounts written off during the month. An appropriate explanation of any write-off shall be provided on the reverse side of this schedule.

Column 5, Closing balance—Amount. The amount shown on line 42, "Totals," shall agree with the corresponding amount reported in account 104 (c), "Accounts Receivable—Foreign Mail Pay," on Schedule 1.

Column 6. Closing balance—No. months. This column shall reflect the number of months' revenue represented by the balances shown in column 5.

Column 7, Unbilled by U. S. P. O. D. This column shall reflect the amounts accrued by the air carrier, and included in column 5 and in account 104 (c), "Accounts Receivable—Foreign Mail Pay," which have not been billed foreign governments by the United States Post Office Department at the close of the current month.

Column 8, Accounts with other air carriers. This column shall include the foreign mail revenues accrued by the air carrier during the current month and due other air carriers, under agreements, as their proportionate share of the revenues earned from the countries listed in column 1 for the transportation of mail.

Column 9, Domestic handling charges shall include the air carrier's proportionate share of amounts charged by the United States Port Office Department for handling mails inbound to the United States when such charges relate to the revenues accrued in column 3.

Column 10, Net foreign mail revenue shall reflect the net foreign mail revenue earned by the air carrier during the current month from the countries listed in column 1. It shall represent the difference between the amounts reported in column 3 and the sum of the amounts shown in columns 8 and 9.

Lines 43 to 57, inclusive.

Column 1, Due from other air carriers, shall contain the named of other air carriers from whom the reporting carrier receives payment for the transportation of foreign mails. "*Other air carriers*" shall include separately operated divisions of the reporting carriers as well as other air carriers.

Columns 2 to 7, inclusive, may be used at the option of the air carrier.

Column 8, Accounts with other air carriers, shall include the foreign mail revenues originally accrued by the air carriers listed in column 1 and earned by the reporting carrier as its proportionate share of the total revenues earned for the transportation of such mails.

Column 9, Domestic handling charges, shall include the air carrier's proportionate share, if any, of amounts charged by the United States Pst Office Department for handling foreign mails inbound to the United States when such charges relate to the revenues included in column 8.

Column 10, Net foreign mail revenue, shall reflect the air carrier's net share of revenue earned, from the carriers listed in column 1, for the onward movement of foreign mail. It shall represent the difference between column 8 and column 9.

Line 59, Columns 10 and 11, shall be the sum of lines 42 and 58, columns 10 and 11, and shall agree with the corresponding amounts shown opposite account 302 (b), "Mail—Foreign," on Schedule 3.

SCHEDULE 12

CHARGES RELATING TO EXTENSION AND DEVELOPMENT

The description under column 1 shall be sufficiently comprehensive to reveal the purpose of the charges and shall include CAB Docket numbers, if any. The description shall indicate the nature of the cost which has been incurred, such as "survey flights." When amounts reported in column 3, Amounts charged—Account 975, represent amortization of costs previously capitalized, the description of each item being amortized and the notation "amortization" shall be entered in column 1.

Column 2, Account 172, shall contain the amounts charged account 172, "Extension and Development Projects," during the current month.

Column 3, Account 975, shall contain the amounts charged account 975, "Extension and Development," during the current month. The total shown in this column shall agree with the amount shown for the current month opposite account 975, "Extension and Development," on Schedule 4, DEDUCTIONS FROM GROSS INCOME.

EXTENSION AND DEVELOPMENT

The description of each individual project carried in accounts 172, "Extention and Development Projects," and 262, "Accrued Amortization—Extension and Development Projects, " shall be listed in column 4.

Projects which have been fully amortized and not written off as at the date of the report may be shown in total.

SCHEDULE 13—OPERATING VALUATION, AND SURPLUS RESERVES

APPLICATION OF VALUATION RESERVES—PAGE 2

This sub-schedule shall be used to reflect the application of valuation reserves provided for under account group 265, "Other Valuation Reserves."

SCHEDULE 14 (a)—FLIGHT EQUIPMENT SPARE PARTS AND ASSEMBLIES

In column 1 under "Aircraft" shall be shown the type and model of aircraft to which spare parts and assemblies owned by the carrier are specifically related (for example, Douglas DC-3). The information pertaining thereto shall be reported in columns 2 to 10, inclusive. Similar procedure shall be followed for "Aircraft Engines" and "Other Flight Equipment." Subtotals shall be shown for each of the three categories.

The total depreciated cost shown in column 9 shall agree with the total reported for account 1506, "Flight Equipment Spare Parts and Assemblies," in column 7 of Schedule 15.

In column 10 shall be reported the basis or method of accrual to the reserve and the period over which the reserve is being provided. When this information has been furnished in one report, it will not be necessary to repeat except in the December reports. However, when during any month the basis or method of accrual has been changed on inventory relating to any type of flight equipment, the new basis shall be set forth in the report for that month.

SCHEDULE 16

AIRCRAFT AND AIRCRAFT ENGINES ACQUIRED

This part of Schedule 16 is designed to report the acquisition of all aircraft and aircraft engines during the month. Aircraft shall be listed first, followed by the listing of aircraft engines; both shall be listed by individual units.

Column 6 does not apply to aircraft and columns 7, 8 and 9, do not apply to aircraft engines.

Column 1, Date acquired. When aircraft or aircraft engines are acquired by transfer from affiliated companies and divisions the air carrier should indicate both the date of original acquisition and the date of transfer. Each date listed in this column shall include the day of the month.

Column 3, License number, shall contain the license number of each airplane acquired and the manufacturer's number of each aircraft engine acquired.

Column 6, Rated horsepower, shall report the rated horsepower of each aircraft engine acquired.

Column 8, Disposable load, is defined as the difference between the gross weight which the airplane is licensed to carry into the air minus the weight of the airplane empty and the weight of all justifiable airplane equipment. It constitutes that weight which can be placed in the airplane. When there is a difference between the disposable load for winter operation and summer operation, both should be shown.

Column 9, Passenger capacity of planes designed with sleeping accommodations shall be shown both as a day plane and as a sleeper plane.

Column 10 and 11. When aircraft or aircraft engines are purchased from outside parties, the cost of each unit shall be shown in column 10, Cost. When aircraft or aircraft engines are acquired by transfer from affiliated companies and divisions, the cost of each unit shall be entered in column 10, Cost, and the accrued depreciation shall be shown in column 11, Accrued Depreciation.

OPERATING PROPERTY AND EQUIPMENT RETIRED

This part of Schedule 16 is designed to report retirements of all operating property and equipment during the month. Aircraft shall be listed first, followed by the listing of aircraft engines and then all other property and equipment. Retirements of aircraft and aircraft engines shall be reported by individual units; all other property and equipment retirements shall be listed in total for the current month by the respective accounts. Subtotals shall be entered in columns 21 to 25, inclusive, for aircraft retired and also for aircraft engines retired.

Column 14, Date retired, and *Column 15, Date acquired.* Each date listed in these two columns shall include the day of the month.

Column 16, License number, shall report the license number of each aircraft retired and the manufacturer's number of each aircraft engine retired.

Column 18, Type and Model, shall report the type and model of each aircraft and aircraft engine retired. It shall also include the titles of other operating property and equipment accounts affected by retirements.

Column 19, Total hours flown, shall report the total hours flown since original acquisition by each aircraft and each aircraft engine retired.

Column 20, Cost. The amounts in this column shall correspond by accounts with the amounts shown in column 4 of Schedule 15, OPERATING PROPERTY AND EQUIPMENT.

Column 23, Realization, shall be apportioned when necessary to each item listed on the schedule. Cost of sale, if any, incurred in connection with retirements of operating property and equipment shall be deducted from the sale price and the net amount shown in this column.

Column 25, Disposition, shall be used to indicate the final disposition of item retired. When equipment is sold or transferred the name of the person to whom sold or the name of the division or affiliate to which transferred shall be shown.

SCHEDULE 17—TRAFFIC STATISTICS

Direct airport-to-airport mileage shall constitute the basis of computation in respect to all items on this schedule.

With the exception of miles flown, traffic statistics for charter and other non-scheduled flights shall not be included in data reported on this schedule.

Company employees is defined as the employees of the air carrier transported without charge.

Other non-revenue passengers is defined as all persons transported without charge and not included in "company employees."

Pounds carried is defined as the number of pounds of mail, express and freight, and excess baggage carried in each specified service of the air carrier.

Passenger-miles is defined as miles flown per each interstation trip multiplied by the number of passengers carried on that trip.

Ton-miles is defined as the revenue miles flown per each interstation trip multiplied by the number of short tons carried. In the case of passengers (including free baggage) carrier may use either actual weight or average weight per passenger as determined by a study conducted by the air carrier over a representative period.

The Rates and Audits Division of the Civil Aeronautics Board shall be informed of which procedure carrier is employing and of any change in procedure or average weight used.

Available seat-miles operated is defined as the number of seats available for the carriage of passengers (as distinguished from the rated passenger carrying capacity of the aircraft) multiplied by the miles flown per each interstation trip.

Passenger load factor—revenue is defined as the quotient obtained by dividing the total revenue passenger miles (line 22) by the available seat-miles operated (line 33). The quotent shall be carried two places beyond the decimal point.

Passenger load factor—total is defined as the quotient obtained by dividing the total passenger miles flown (line 25) by the available seat-miles operated (line 33). The quotient shall be carried two places beyond the decimal point.

Operating performance factor, line 12, Percentage completed, shall be obtained by dividing the scheduled miles flown (line 11) by the scheduled miles (line 10). The quotient shall be carried two places beyond the decimal point.

REPORTING PROCEDURE

SCHEDULE 18—FLIGHT STATISTICS

The type of aircraft shall be inserted at the head of each column used, such as DC–3, DST, etc. Rented aircraft shall be shown in separate columns by types of aircraft with appropriate segregation from owned aircraft (Rented DC–3).

Ferry flights include all flights for the purpose of returning aircraft to base, equipment equalization, and aircraft delivery flights from the manufacturer prior to use in line service.

Personnel training flights include all flights for the purpose of obtaining flying time for pilot personnel as well as ordinary flights in connection with flight personnel training programs. This item shall also include all flights for the purpose of permitting the pilot personnel to familiarize themselves with the route or routes over which they will fly.

Extension and development flights include all flights for the purpose of surveying proposed extensions of the air carriers' routes, or proposed new routes, prior to the time a certificate of convenience and necessity has been issued by the Civil Aeronautics Board.

Other nonrevenue flights include all nonrevenue flights not included elsewhere.

TON-MILES FLOWN

All-ton-miles statistics shall be based upon the short ton of 2,000 pounds and the direct "airport-to-airport" statute miles flown in revenue service, exclusive of charter and special flights.

Useful ton-miles is defined as the difference between the gross weight which the airplane is licensed to carry into the air minus the weight of the airplane empty and the weight of all justifiable airplane equipment, multiplied by the revenue miles per each interstation trip.

Available ton-miles is defined as the remainder of the allowable useful load after subtraction of the operating load consisting of gasoline and oil, ship's crew and steward's supplies, etc., multiplied by the revenue miles flown per each interstation trip. It represents the salable load multiplied by the miles flown.

Used ton-miles is defined as that portion of the available load utilized for passengers, property, and mail multiplied by the revenue miles flown per each interstation trip.

Revenue ton-miles is defined as that portion of the "used" load for which revenue is received, multiplied by the revenue miles flown per each interstation trip.

Nonrevenue ton-miles is defined as that portion of the "used" load transported without charge, multiplied by the revenue miles flown per each interstation trip.

Percent used shall be obtained by dividing line 13, total used ton-miles, by line 10, available ton-miles. The quotient shall be carried two places beyond the demical point.

REPORTING PROCEDURE

USE OF AIRCRAFT

Average hours of use per day. On line 19 shall be entered quotients obtained by dividing the total number of plane days into the total number of plane hours flown in revenue service during the current month. On line 20 shall be entered quotients obtained by dividing the total number of plane days into the total number of plane hours flown in non-revenue service during the current month. Plane days shall be obtained by multiplying each airplane in the possession of the air carrier during the month by the number of days each airplane was in the possession of the air carrier during the month. The average hours of use per day shall be computed separately for each type of airplane.

REPORTING PROCEDURE

SCHEDULE A

INVESTMENTS

Column 1 shall contain the name of the company issuing each type of security held by the air carrier and a description of the security held, including the par value, if any.

Column 5. The total in this column shall agree with the total shown opposite account 131, "Investments," on Schedule 1, BALANCE SHEET.

INVESTMENT OF AFFILIATES

Column 6 shall show the name of each company controlled by the air carrier and a description of the securities held including the par value, if any.

Column 11. The total in this column shall agree with the total shown opposite account 132, "Investments in affiliated companies," on Schedule 1, BALANCE SHEET.

SCHEDULE C—AIRCRAFT AND AIRCRAFT ENGINES

The information requested on this schedule shall include all aircraft and aircraft engines on hand as at the date for which report is made.

Aircraft shall be listed individually. Columns 6 and 8 shall not be used. Subtotals shall be entered for each type of aircraft.

Aircraft engines. Following the list of aircraft, engines shall be listed by groups for each type of engine. Columns 1 to 4, inclusive, shall not be used.

SCHEDULE D—GROUND OPERATING PROPERTY AND EQUIPMENT BY STATIONS

This schedule shall contain the cost and the total accrued depreciation of all ground operating property and equipment as at the date for which report is made.

Column 1, Name and location shall contain, in alphabetical sequence, the name of each city, or other geographic location, at which ground operating property and equipment is located. Airports, traffic offices, and general operations or maintenance bases at each location shall be individually identified, if possible.

Columns 2 to 21, inclusive. The cost of property and equipment at the locations listed in Column 1 shall be entered in the appropriate columns. The total accrued depreciation applicable to the property at the locations listed in column 1 shall be entered on the line following the cost of such property.

SCHEDULE F

DIVIDENDS DECLARED

This schedule shall include all dividends declared, whether paid as at the date of the report or not.

If dividends were payable in any manner other than cash, explain in a footnote. If an obligation of any character has been incurred for the purpose of paying any dividend, give the full particulars in a footnote.

LIST OF STOCKHOLDERS

Show the name, address, and number of shares of stock held by each person holding five (5) per centum or more of the issued and outstanding capital stock of the carrier as at the close of the year. When stock is held by nominee, state who has the beneficial interest.

SCHEDULE H—GENERAL OFFICERS AND DIRECTORS

Column 1 shall contain the name and office address of each general officer and each director of the air carrier as at the date for which report is made.

Column 2 shall contain the title of each general officer listed in column 1.

Column 3 shall contain the date of expiration of each director's term.

Column 4 shall contain the total compensation paid the officers listed in column 1.

Column 7 shall contain the date of appointment of each officer listed in column 1.

☆U. S. GOVERNMENT PRINTING OFFICE: 1945—645699

NEH MSH 01337

APR 13 1994

COLUMBIA UNIVERSITY LIBRARIES
0041409205

D430.595 Un3

APR 29 1949

COLUMBIA UNIVERSITY LIBRARIES

This book is due on the date indicated below, or at the expiration of a definite period after the date of borrowing, as provided by the library rules or by special arrangement with the Librarian in charge.

DATE BORROWED	DATE DUE	DATE BORROWED	DATE DUE
Dec 18 '57			
C28 (747) M100			

END OF
TITLE